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Regional Economic Observer



First Quarter, 2000

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The "Regional Economic Observer" (REO) provides a snapshot of provincial economic conditions in a convenient format. The REO does not interpret or evaluate government policies, and every attempt is made to present factual information in an informed and balanced manner consistent with generally accepted economic principles. This report uses data available as of May 31, 2000. It has been prepared by Marianne Blais, Julie Dubois, Alison McDermott and Karen Smith under the direction of Raynald Létourneau and Shane Williamson. All information is taken from public sources, primarily Statistics Canada, the Bank of Canada, the Canada Mortgage and Housing Corporation, and the Canadian Real Estate Association. Please address comments to Raynald Létourneau at 613-996-0474 or through the Internet at letourneau.raynald@ic.gc.ca.

Highlights: First Quarter, 2000

British Columbia

Building on gains in the second half of 1999, economic activity in British Columbia continued to improve early in 2000. Manufacturing activity rebounded, while retailing kept pace with previous quarters, driven by higher consumer confidence. As a consequence, employment rose, outpacing the national average and driving the unemployment rate to a near 20-year low.

Prairies

Economic activity firmed in the Prairies in the first quarter, sustained by higher oil and gas prices. Industrial activity outpaced the national average in the three provinces, while retailing surged. Labour market conditions improved further, with employment gains leading to lower unemployment rates in Alberta and Saskatchewan. However, a rising labour force drove the unemployment rate up slightly in Manitoba.

Ontario

Following a slowdown at the end of the year, the Ontario economy strengthened in the first quarter. Manufacturing activity advanced at a robust pace, led by aircrafts and electrical and electronic products. Moreover, strong consumer confidence was reflected in the vigour of the housing and retail sectors. The labour market performed well, as employment grew strongly and the unemployment rate remained at its 10-year low.

Quebec

Growth was also robust in Quebec as consumer spending rose and manufacturing activity posted its best quarter in four years. Job creation eased in the first quarter although all the new jobs added were full time and the unemployment rate stood at its lowest rate since 1976.

Atlantic

The Atlantic economy continued to look strong in the first quarter of 2000, with employment gains posted in all provinces with the exception of Newfoundland. Manufacturing activity fell back in several provinces after posting strong performances in previous quarter, while consumer spending slowed somewhat in the first quarter. Inflation was above the national average in all provinces, in the first quarter and in April.



British Columbia



Labour Markets

Employment growth outpaces the national average early in 2000...

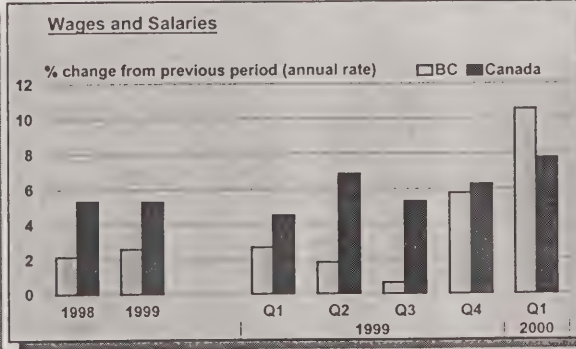
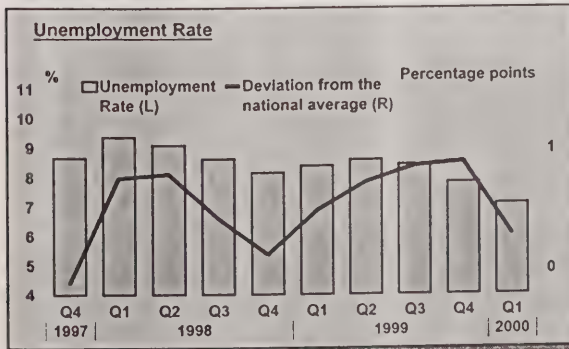
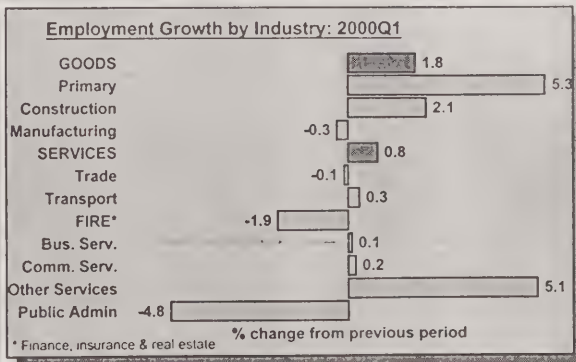
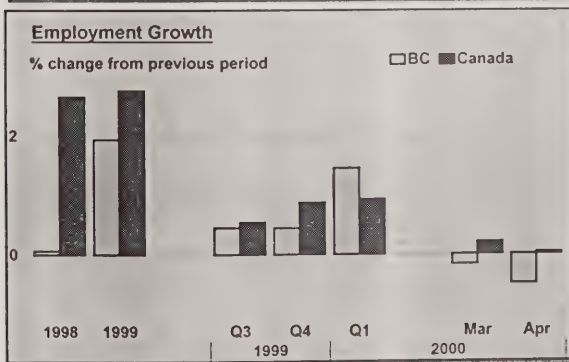
- Sharp gains in January and February resulted in a 1.5% increase in employment in the first quarter of 2000 as full-time employment recorded a solid advance. Gains were mostly concentrated in the primary industries, other services and construction. Losses in public administration and finance, insurance & real estate (FIRE) somewhat offset these gains.
- Employment edged down in March and April, mostly as a result of losses in the services-producing industries.

...and the unemployment rate continues to fall...

- In the first quarter, the unemployment rate fell 0.7 percentage points to 7.1%, a near 20-year low.
- The unemployment rate gap with the national average narrowed considerably in the first quarter as a result of solid employment gains in the province. The gap stood at only 0.3 percentage points above the national average, its lowest level in a year.

...while labour income records its fastest growth in more than a decade

- Wages and salaries surged 10.5% in the first quarter, building on a solid advance at the end of 1999. This strong performance was due to healthy gains in both earnings and employment. Income growth outpaced the national average for the first time in more than a year.





Economic Activity and Prices

Manufacturing activity surges in the first quarter...

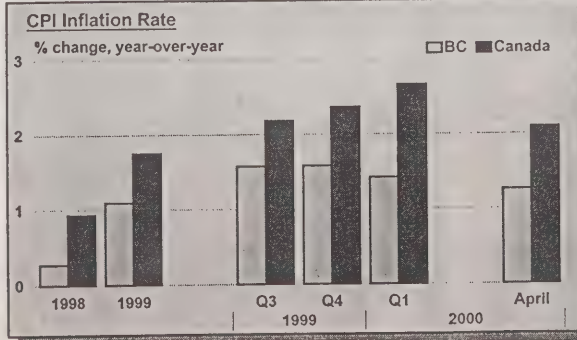
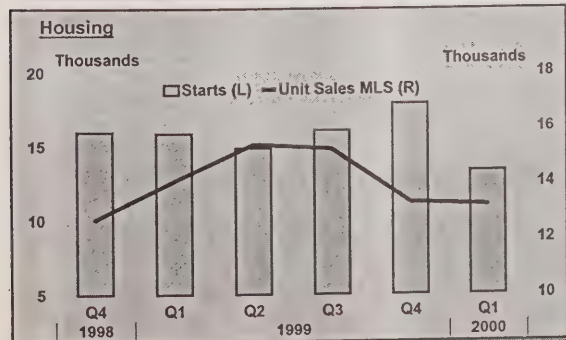
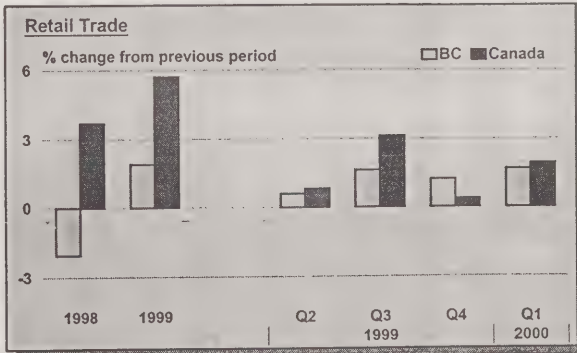
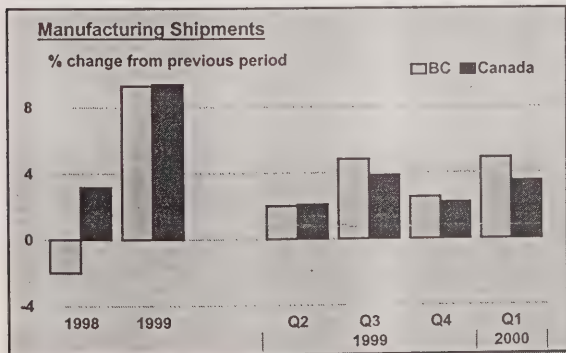
- Industrial production rose 4.9% in the first quarter, outpacing the national average by more than a full percentage point. This seventh consecutive quarterly advance was largely driven by higher output in forest products and chemical industries.

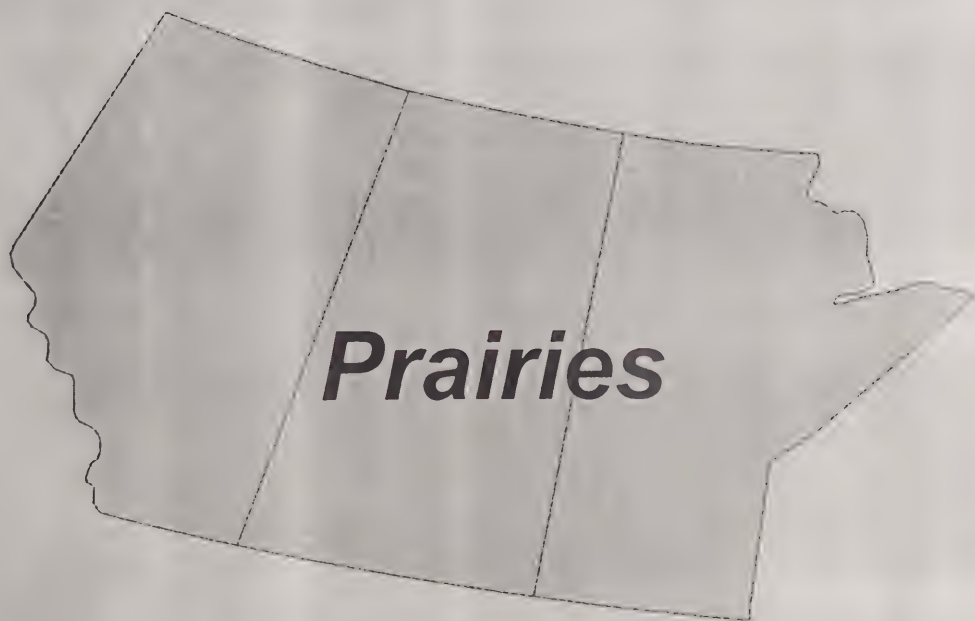
...while consumer spending figures are mixed

- Higher income prospects helped restore consumer confidence, leading to a 1.7% increase in retail sales in the first quarter. Retailing activity has advanced, on average, at a rate above the national average in the last two quarters, a departure from previous periods.
- However, housing starts lost their momentum, falling by more than 25% in the first quarter, while home resales were virtually unchanged.

Inflation rate remains subdued early in 2000

- On a year-over-year basis, consumer prices recorded a 1.4% increase in the first quarter of 2000. Inflation was 1.2 percentage points below the national average as food prices fell while those for shelter, alcohol and recreation rose at a slower pace than in the rest of Canada. Inflation remained relatively low in April, advancing 1.3%, still well below the national average.







Labour Markets

Gains in services-producing industries lead to higher employment in the first quarter...

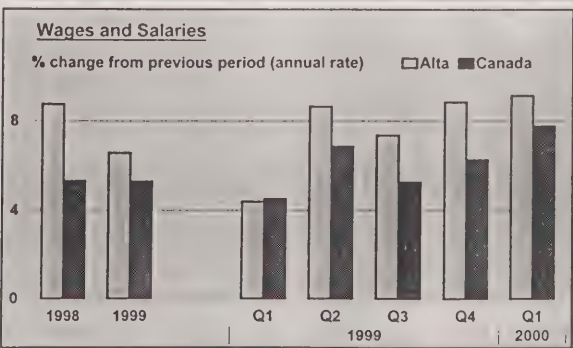
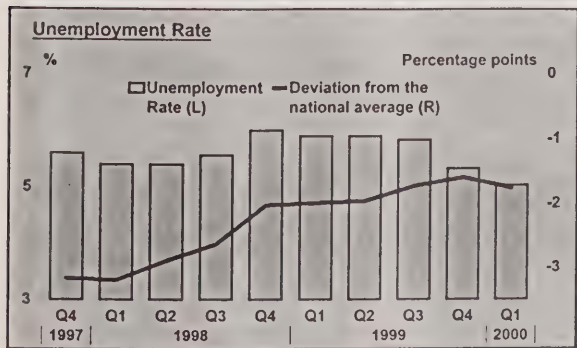
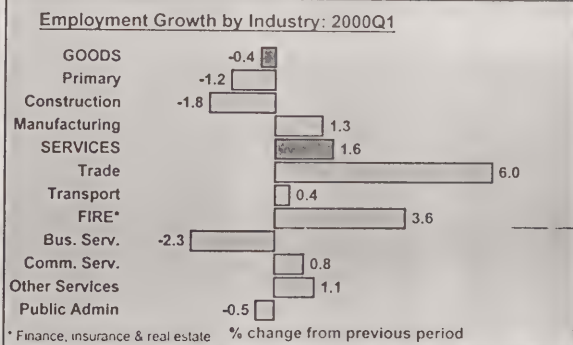
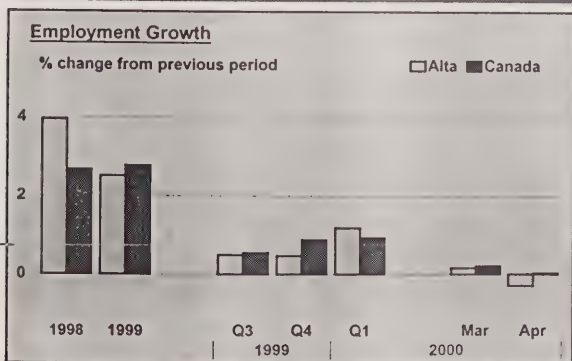
- Job creation advanced 1.2% in the first quarter, its largest gain in almost two years. Employment gains were mostly concentrated in services-producing industries, particularly in trade, FIRE and other services. The number of jobs in the goods industries edged down despite gains in manufacturing.
- On a monthly basis, employment fell in April following gains above the national average in the first quarter.

...driving the unemployment rate down

- As a result of job gains in the first quarter, the unemployment rate fell to 5.0%, the lowest on record since 1981.
- This fall resulted in a widening of the Alberta-Canada unemployment rate gap for the first time in more than two years. Alberta's unemployment rate was 1.8 percentage points below the national average.

Income growth remains solid early in 2000

- Growth of wages and salaries exceeded 9.0% (annual rate) in the first quarter, outpacing still the national average. Higher employment, increases in the average hourly earnings and hours worked, all contributed to this quarter gains.





Economic Activity and Prices

Industrial activity accelerates at the beginning of the year...

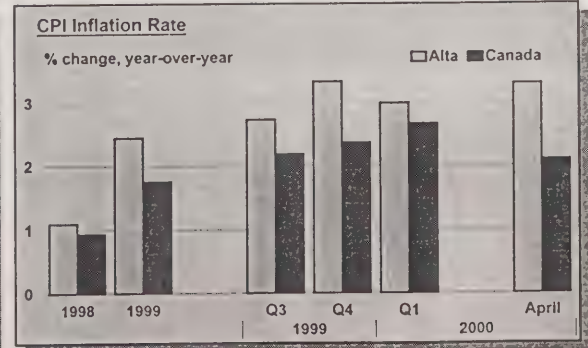
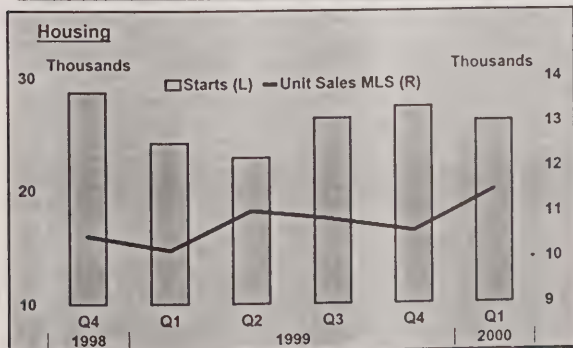
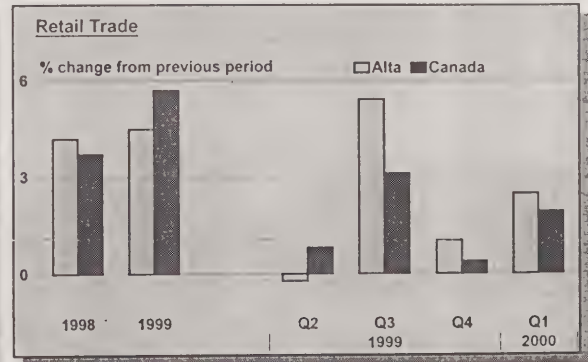
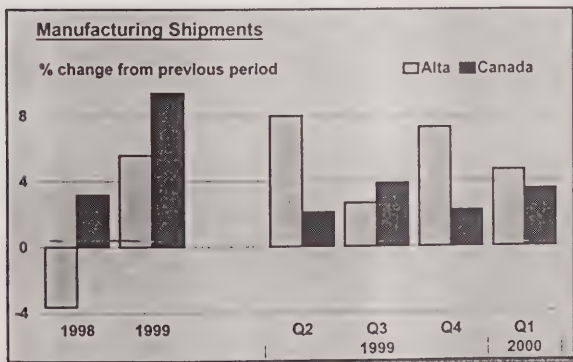
- For a second consecutive quarter, manufacturing activity outpaced the national average, advancing a healthy 4.7% in the first quarter. This growth was led by a surge in shipments of petroleum products, which increased 26.8% over the quarter. Higher production of clothing, transportation equipment, fabricated metal and machinery also contributed to this solid performance.

...and household spending picks up...

- Retail sales advanced 2.5% in the first quarter of 2000. Although retail activity slowed in recent quarters, sales continued to outperform the national average.
- Housing starts edged down in the first quarter of the year, putting an end to the upward trend of the last quarters. However, after declining steadily throughout the second half of 1999, home resales rebounded 8.5% early in 2000, reaching their highest level on record (data extend back to 1988).

...while inflation slows

- Consumer prices were up 3.0% in the first quarter on a year-over-year basis, down from a 3.3% increase in the previous quarter. This slowdown in inflation was mostly due to prices for clothing, shelter and food, which all rose at a much slower pace than in the previous quarter. Prices recorded a solid hike in April with inflation still well above the national average.





Labour Markets

Strong employment growth in the first quarter of 2000...

- Job creation was up 1.3% in the first quarter, outpacing the national average by nearly half of a percentage point. Gains were fairly widespread with only community services, business services and trade reporting declines. Overall, goods-producing industries accounted for most of the increase with a surge in manufacturing. Higher employment in transportation and FIRE helped push employment up slightly in the services industries.
- On a monthly basis, employment fell in April with the agriculture sector recording the largest employment decline.

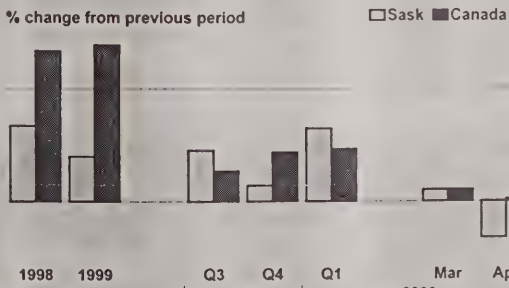
...leads to a lower unemployment rate...

- The unemployment rate continued on its downward trend initiated a year ago and fell to 4.8% in the first quarter, the lowest rate among all provinces.
- The unemployment rate gap widened to 2 percentage points below the national average. Nonetheless, the gap remains much smaller than at the beginning of 1998.

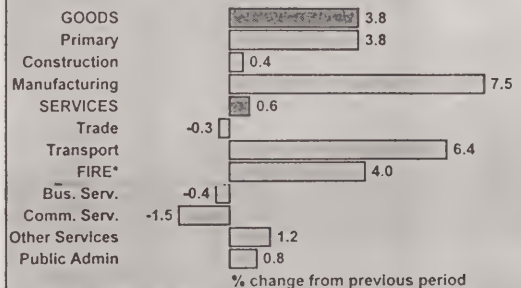
...and a solid advance in earnings

- Wages and salaries advanced a solid 8.8% (annual rate) in the first quarter of the new year, outpacing the national average. Gains in average hourly earnings and higher employment largely explain this solid advance.
- However, farm cash receipts, which are not included in earnings, plummeted on a year-over-year basis in the first quarter. Abundant world grain supplies continued to put downward pressure on prices and crop receipts, which account for almost two thirds of farmers total receipts in the province.

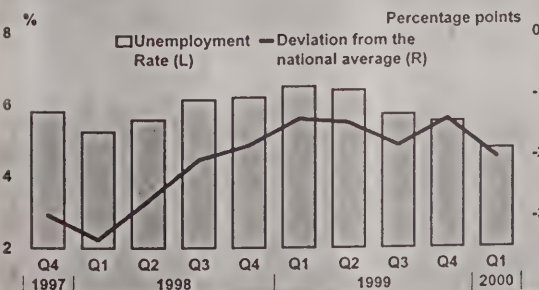
Employment Growth



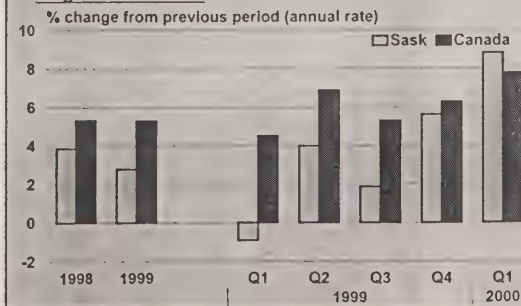
Employment Growth by Industry: 2000Q1



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Manufacturing shipments grow above the 5% mark in the first quarter...

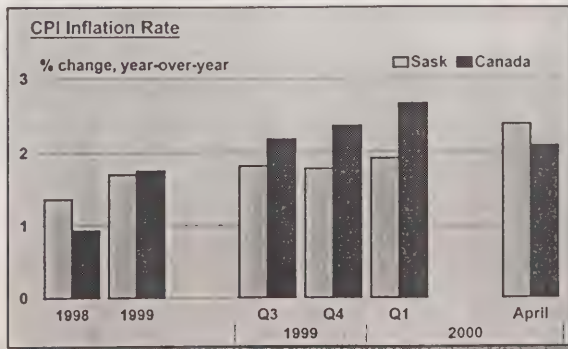
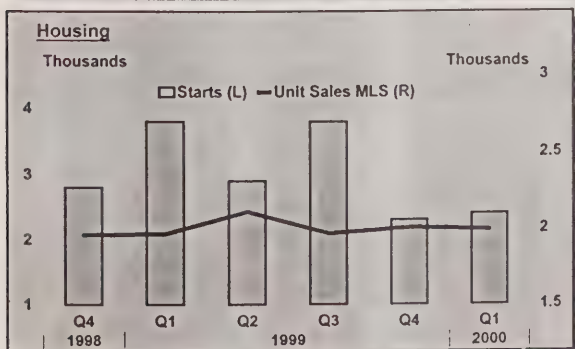
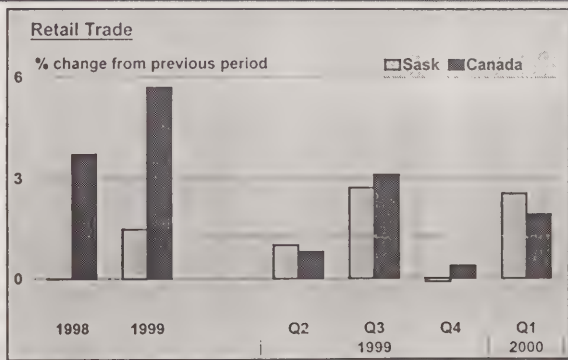
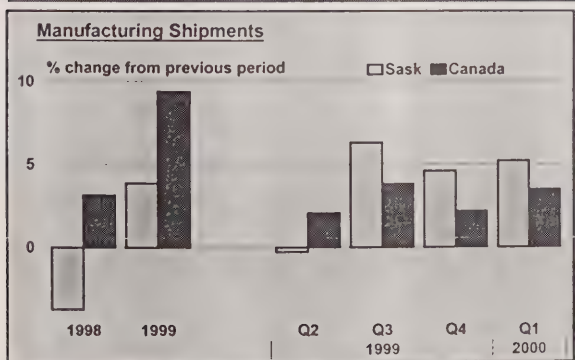
- Industrial production maintained its pace of previous quarters, recording a strong 5.2% increase in the first quarter. For the third consecutive quarter, manufacturing shipments advanced at a faster rate than the national average, largely as a result of higher output in electrical and food industries.

...and household consumption surges

- Retail activity bounced back in the first quarter, increasing at a rate above the national average.
- Housing starts edged up in the first quarter. Home resales were virtually unchanged over this period, but remained nonetheless close to their record high of the end of 1997.

Inflation stays under the 2% mark

- The CPI index rose 1.9% in the first quarter on a year-over-year basis, keeping pace with previous quarters. Saskatchewan's inflation was still well below the national average, with higher prices mostly due to increasing costs for transportation and shelter. Prices rose at a faster pace in April, outpacing the national average.





Labour Markets

Employment strengthens in the first quarter...

- In the first quarter, employment posted its biggest advance in six quarters, though growth was slightly below the national average. The 0.8% rise in employment was totally due to full-time job creation and was concentrated in the services sector. Transportation industries recorded the greatest advance while FIRE industries posted the largest decline. Losses in construction and primary industries led to a 1.4% decline in employment in the goods-producing sector.
- On a month-over-month basis, employment surged 1.0% in April, following a small increase in March.

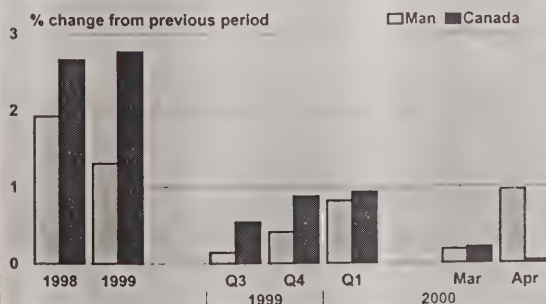
...but the unemployment rate drifts up

- As employment gains were more than offset by a rising labour force, the unemployment rate edged up 0.1 percentage point to 5.4% in the first quarter. However, April's employment rise pushed the unemployment rate down to 5.0%, the lowest since January 1980.
- The rise in the provincial unemployment rate coupled with a fall in the national rate reduced the gap to 1.4 percentage points below the national average.

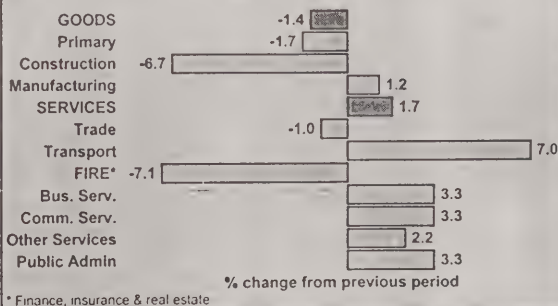
Wage increases accelerate in the first quarter

- Growth in wages and salaries increased for the fourth consecutive period and reached 10.2% (annual rate) in the first quarter, the highest growth recorded in 18 years. A solid advance in average hourly earnings mostly explains income growth over the first quarter.
- Farm cash receipts declined by 6.5% in the first three months of the year (in comparison with the same period a year ago). A big drop in crops receipts push down the total receipts, more than offsetting strong increase in livestock prices.

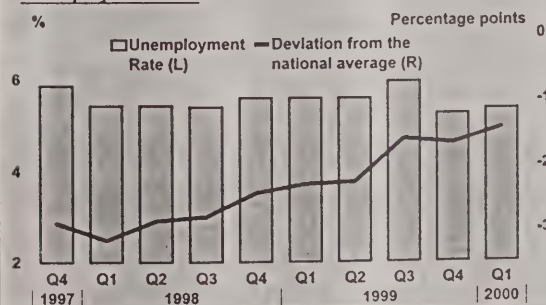
Employment Growth



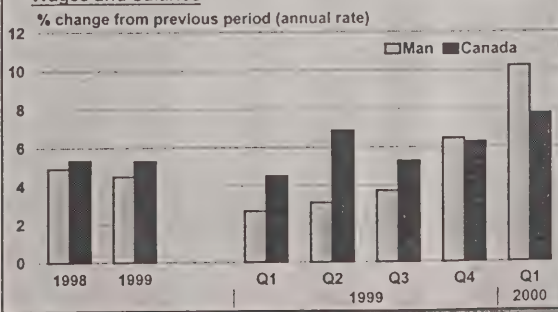
Employment Growth by Industry: 2000Q1



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Manufacturing activity outpaces the national average in the first quarter...

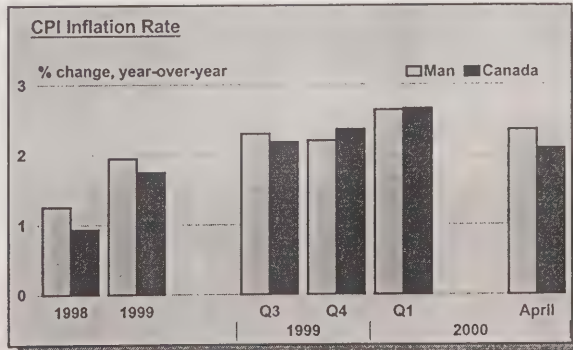
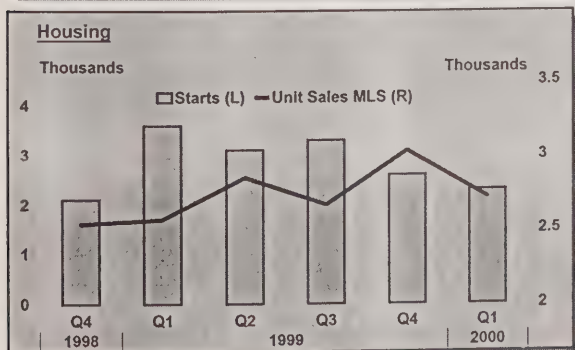
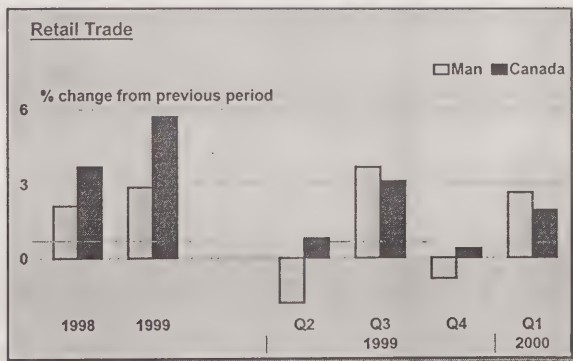
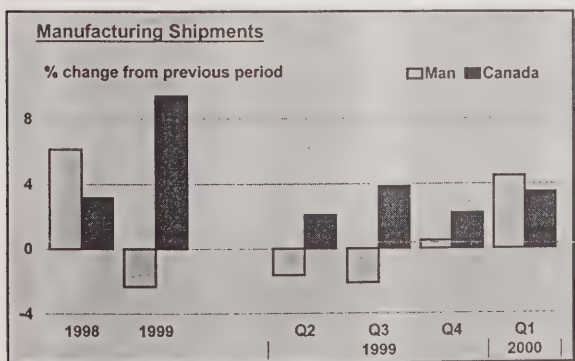
- Manufacturing shipments recorded their best performance in more than two years and exceeded the national average in the first quarter. Higher production of aircraft and aircraft parts, food and beverage, primary metal, wood, and printing led to a 4.5% increase in overall shipments.

...as does retailing

- Following a decline in the fourth quarter, retail sales rebounded in the first quarter, sustained by a strong increase in labour income.
- The housing sector weakened in the first quarter as both sales of existing houses and housing starts fell over the quarter.

Higher transportation costs put pressure on the CPI

- The CPI rose 2.6% in the first quarter, on a year-over-year basis, the highest increase in three years. This increase reflects higher prices for energy, which pushed transportation costs up. In April, inflation eased somewhat to 2.4%.







Labour Markets

Employment remains strong in the first quarter...

- Employment grew 1.0% in the first quarter, keeping pace with the national average. On a monthly basis, employment paused in April, following a net gain of 28,000 jobs in March.
- Job creation in the first quarter was concentrated mostly in the goods sector. Construction and manufacturing industries recorded large gains while employment in primary industries declined for the third consecutive quarter. Employment growth in services mainly reflected gains in transportation, community services and trade.

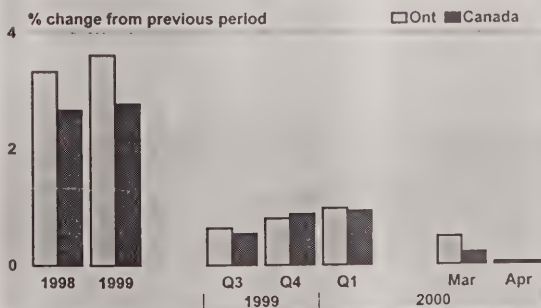
...keeping the unemployment rate to a near 10-year low

- The rise in employment was accompanied by a similar increase in the labour force, leaving the unemployment rate unchanged at 5.7% in the first quarter, the lowest rate observed since the second quarter of 1990.
- The unemployment rate gap with respect to the national average narrowed in the last quarter due to a decline of the national rate.

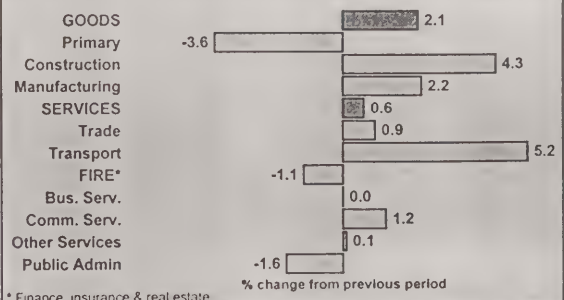
Growth in wages and salaries increases in the first quarter

- Wage growth rose to 7.8% in the first quarter of 2000, as average weekly hours worked rebounded from a decline at the end of 1999.

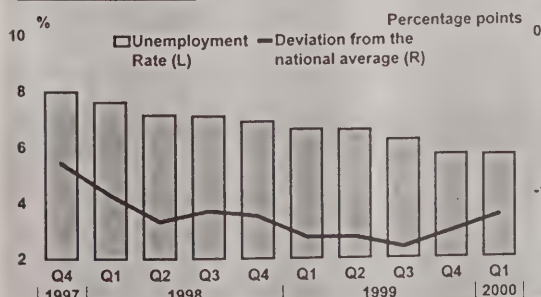
Employment Growth



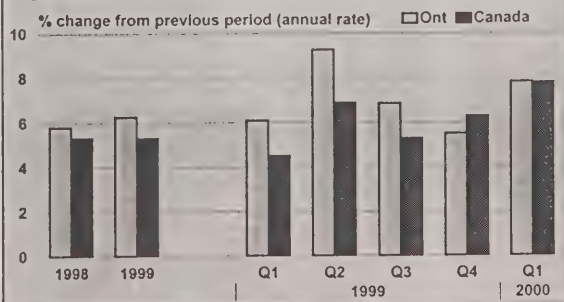
Employment Growth by Industry: 2000Q1



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Manufacturing activity strengthens in the first quarter...

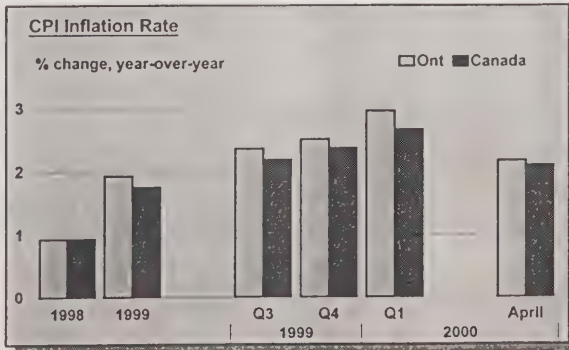
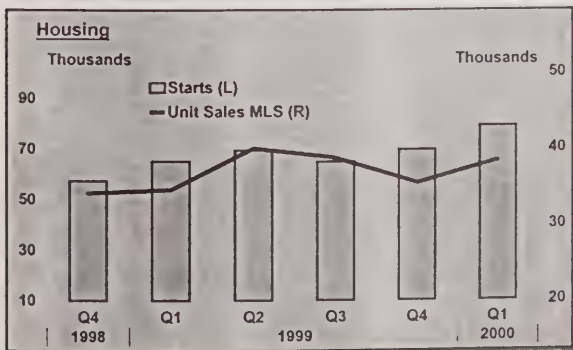
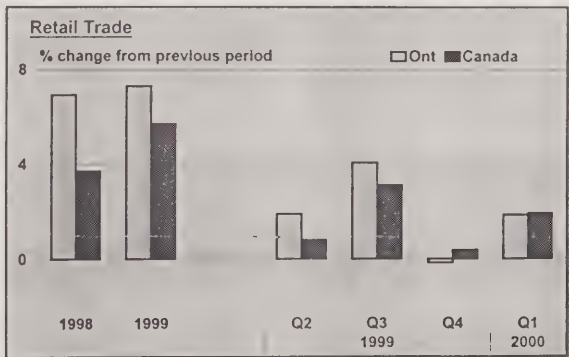
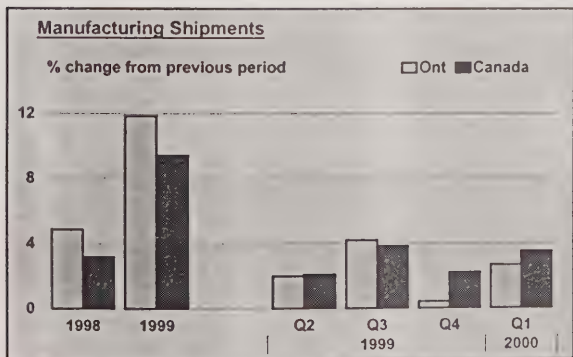
- Following a sluggish performance at the end of 1999, manufacturing shipments rose 2.6% in the first quarter. This advance was mostly due to higher output of aircraft and aircraft parts, electrical and electronic products, and machinery. A recovery in the transportation and wood industries also contributed to the overall increase.

...as does retailing and housing

- Ontario retail sales rebounded in the first quarter as labour income grew sharply and consumer confidence remained high.
- The housing sector was also vigorous in the first quarter. Housing starts reached their highest level in almost 10 years and home resales increased after two consecutive declines.

Inflation is on the rise

- In the first quarter, Ontario CPI inflation rose further to reach the 3% mark. However, on a monthly basis, year-over-year inflation fell back in April. Upward pressures on the CPI in the first quarter and in April were due largely to higher costs for transportation, recreation, education and reading material.







Labour Markets

Job creation eases in the first quarter...

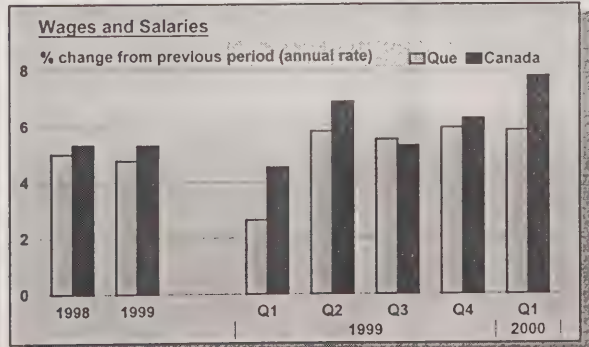
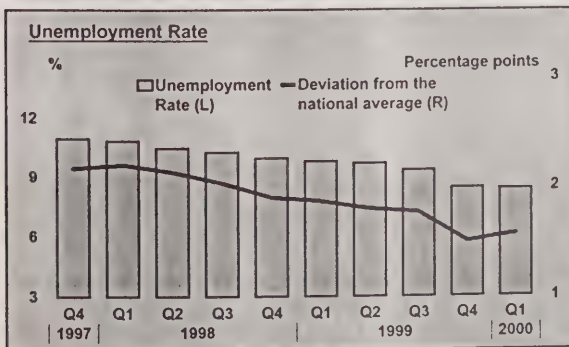
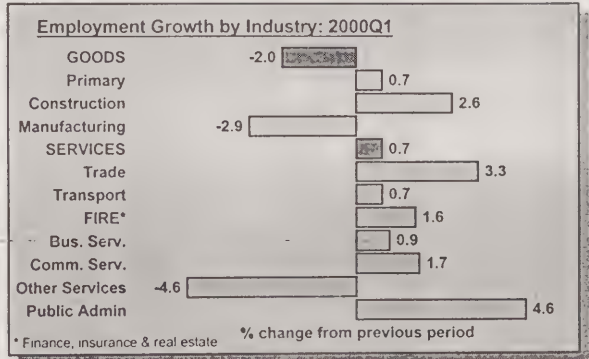
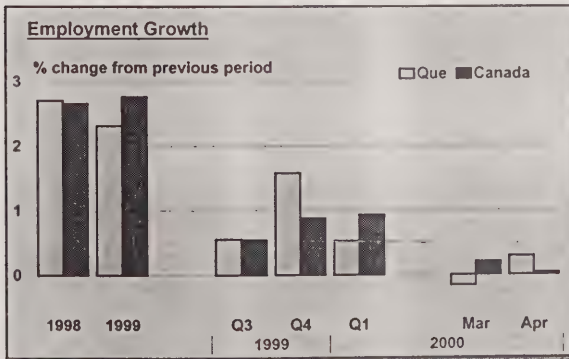
- Employment grew 0.5% in the first quarter, following a large gain in the previous quarter. All the new jobs added were full time. On a monthly basis, employment rose 0.3% in April, while it was unchanged for Canada as a whole.
- Employment growth in the first quarter was concentrated in the services sector with notable gains in public administration and trade. Employment in the goods sector declined by 2.0% as losses in manufacturing more than offset gains in primary and construction industries.

...but the unemployment rate holds steady...

- The unemployment rate was unchanged at 8.4% in the first quarter, the lowest quarterly rate observed since 1976.
- As the national rate fell slightly in the first quarter, the gap between the national average and Quebec's unemployment rate rose for the first time since the end of 1997.

...and growth in wages and salaries remains high

- Growth in wages and salaries edged down in the first quarter in line with slower job creation.





Economic Activity and Prices

Manufacturing shipments post their best growth since 1995...

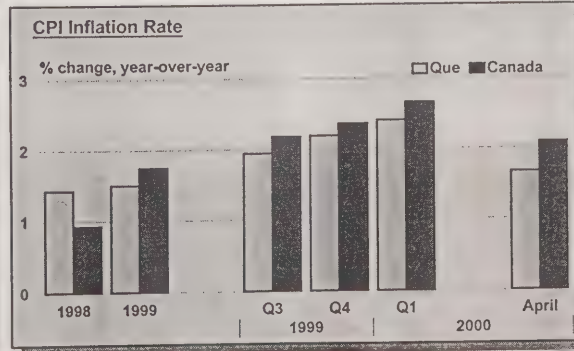
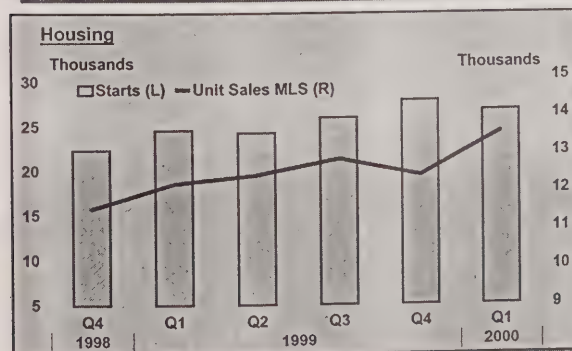
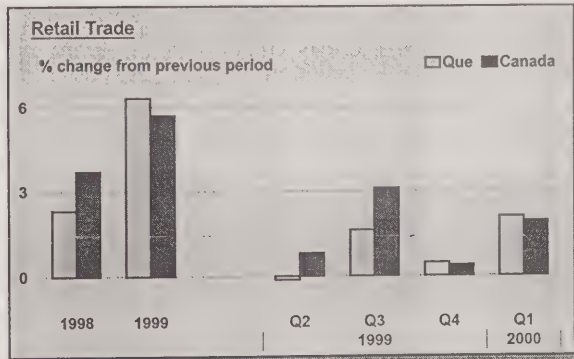
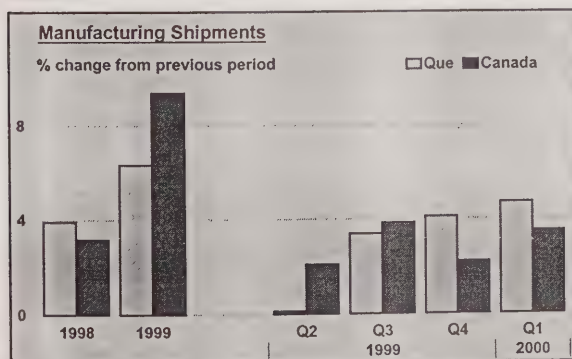
- Manufacturers' shipments climbed 4.7% in the first quarter, led by transportation, wood, and machinery industries. This represents the third consecutive strong quarterly increase.

...while consumer spending strengthens

- Retail sales advanced 2.1% in the first quarter, outperforming the national average for a second consecutive quarter. Solid income gains in recent quarters together with high consumer confidence helped to push up retailing activity.
- Home resales registered their biggest advance in seven quarters. However, housing starts fell, ending the positive trend initiated in late 1998.

Inflation gains momentum

- CPI inflation rose further in the first quarter, lifted by rising costs for energy, alcoholic beverages and tobacco products. On a monthly basis, year-over-year inflation stood at 1.7% in April.



A stylized map of Atlantic Canada, showing the provinces of New Brunswick, Nova Scotia, and Prince Edward Island, along with the Gulf of St. Lawrence and the Bay of Fundy. The map is rendered in a light gray tone against a darker background.

Atlantic Canada



Labour Markets

Employment growth rebounds in the first quarter...

- Employment picked up in the first quarter, with all jobs created being full-time. This represents the third quarterly consecutive increase. Employment rose 0.5% in April, a rate well above the national average.
- Job creation in the goods-producing sector was led by strong gains in primary industries. In services, growth occurred largely in trade and community services while losses were concentrated in business services and in FIRE.

...while the unemployment rate holds steady

- The unemployment rate stood at 9.8% in the first quarter, unchanged from the previous quarter as employment gains were offset by a rising labour force.
- With the national unemployment rate declining in the first quarter, the gap widened to 3.0 percentage points above the national average.

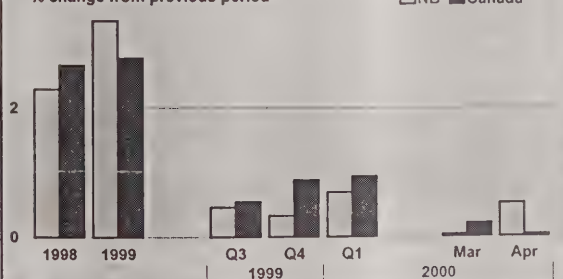
Growth in wages and salaries slows

- In the first quarter of 2000, wages and salaries recorded their slowest advance in more than a year, increasing 2.1%, a rate well below the national average.

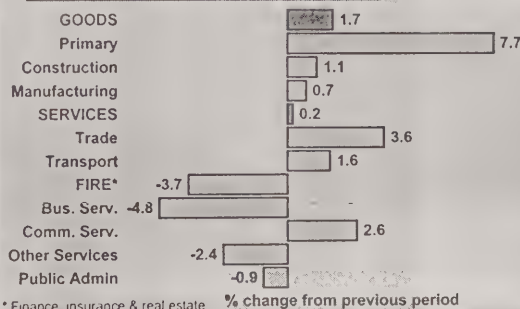
Employment Growth

% change from previous period

□ NB ■ Canada



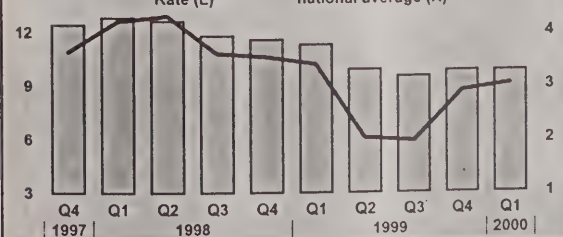
Employment Growth by Industry: 2000Q1



Unemployment Rate

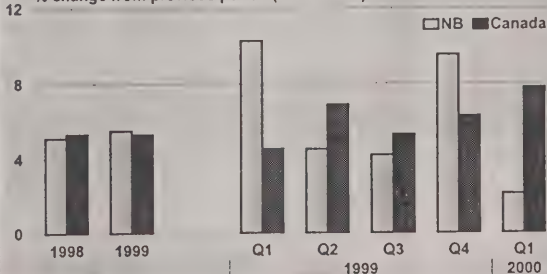
Percentage points

□ Unemployment Rate (L) ■ Deviation from the national average (R)



Wages and Salaries

% change from previous period (annual rate)





Economic Activity and Prices

Industrial activity firms up in the first quarter...

- Manufacturing shipments recorded their fourth consecutive advance in the first quarter of 2000. The largest contributors to this increase were paper, wood and fabricated metal products industries. Higher shipments in the paper and allied products industry were partially attributable to price increases while wood industries benefited from the housing boom.

...consumer spending picks up...

- After a modest performance at the end of 1999, retailing activity improved in the first quarter although growth remained below the national average.
- In the first quarter, existing home sales rose after two consecutive declines while housing starts reached the highest level since 1994.

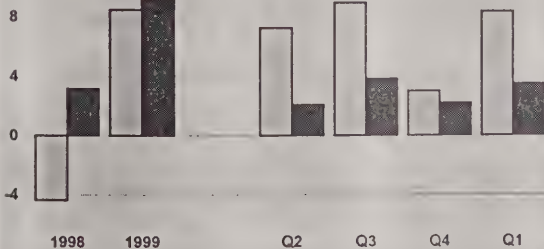
...and inflation accelerates

- The CPI inflation rate stood at 3.5% in the first quarter, the biggest increase observed in 10 years. Surging energy prices and higher shelter costs were largely responsible for this increase. In April, the year-over-year inflation rate eased to 3.0%, a rate still well above the national average.

Manufacturing Shipments

% change from previous period

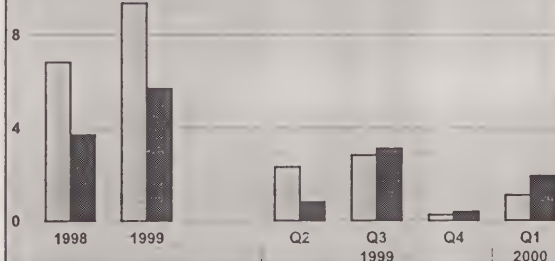
□ NB ■ Canada



Retail Trade

% change from previous period

□ NB ■ Canada

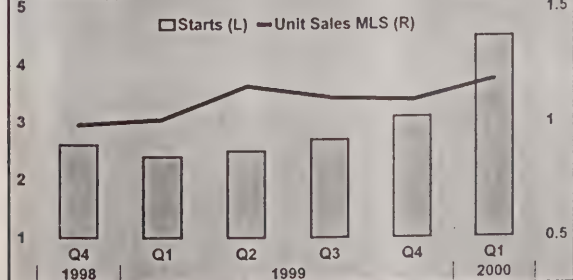


Housing

Thousands

Thousands

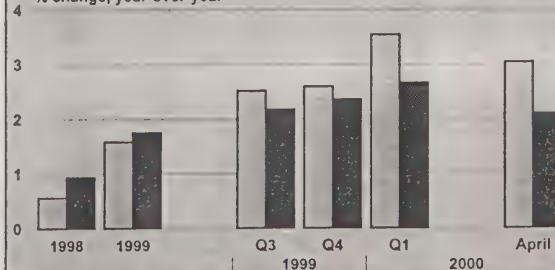
□ Starts (L) — Unit Sales MLS (R)



CPI Inflation Rate

% change, year-over-year

□ NB ■ Canada





Labour Markets

Employment picks up in the first quarter...

- Employment in Nova Scotia rose sharply in the first quarter. Job creation continued to exceed the national average in April.
- First quarter gains were widespread, but particularly strong in the service-producing sector, where the greatest advances took place in the public administration and business services categories. In the goods sector, strong growth in construction employment was partly offset by a decline in manufacturing employment.

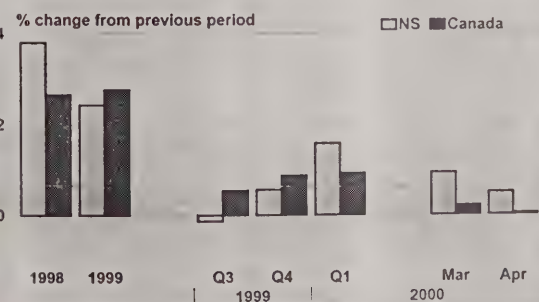
...nudging the unemployment rate down...

- As growth in the number of people seeking work partly offset employment gains in the first quarter, the unemployment rate fell only one tenth of a percentage point to 9.4%. Falling unemployment at the national level drove the Nova Scotia-Canada unemployment rate differential up to its highest point since 1997.
- Significant job creation in April pushed the unemployment rate down sharply to 8.4%, the lowest rate seen since April 1976.

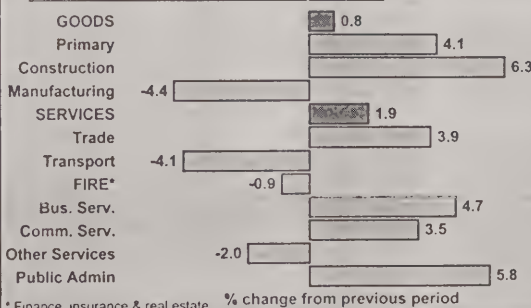
...and keeping wage and salary growth strong

- Wages and salaries grew at 6.8% (annual rate) in the first quarter, following an even stronger result in the fourth quarter, marking a convincing recovery from the weak performance of the third quarter 1999. This growth came from an increase in average hourly earnings, as average weekly hours actually fell in the first quarter.

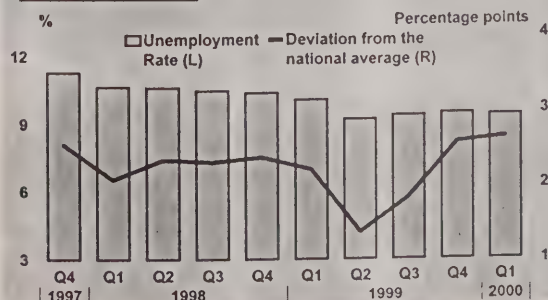
Employment Growth



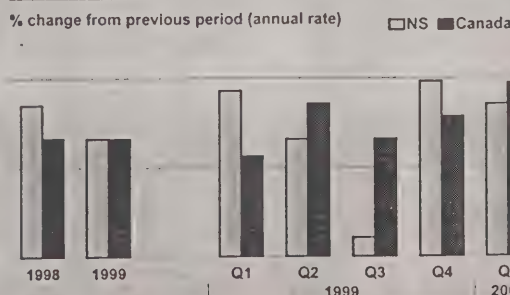
Employment Growth by Industry: 2000Q1



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Industrial activity recedes in the first quarter...

- Manufacturing shipments declined in the first quarter after a burst of activity in December. Declines were concentrated in the durable goods sector, led by setbacks in the transportation equipment, machinery and fabricated metal industries. Shipments of non-durables increased, most notably in paper production, which rose by 24.3%.

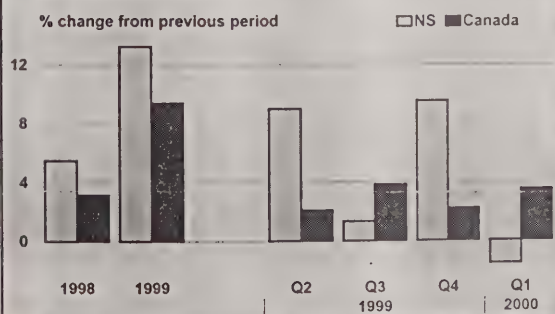
...and consumer spending declines...

- After keeping pace with the national average in both 1998 and 1999, retail trade declined in the first quarter of 2000.
- The housing market registered a positive note, as new housing starts were up by a third in the first quarter. Sales of existing homes posted a modest increase.

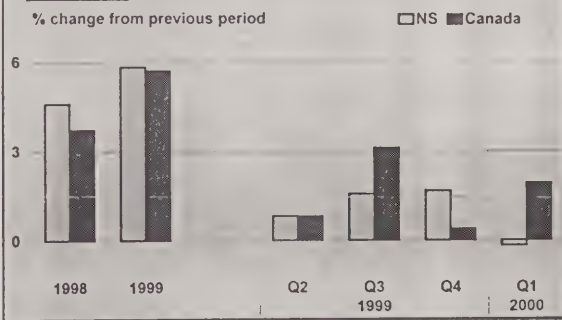
...but inflation rises sharply

- Inflation in Nova Scotia rose to 3.9% in the first quarter, standing well above the national rate as it had in the previous two quarters. Climbing prices for shelter and transportation led overall increases, but all major components recorded price advances on a year-over-year basis. The inflationary trend eased somewhat in April, with year-over-year inflation falling to 3.1%.

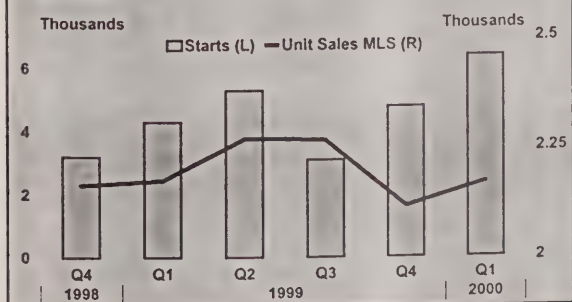
Manufacturing Shipments



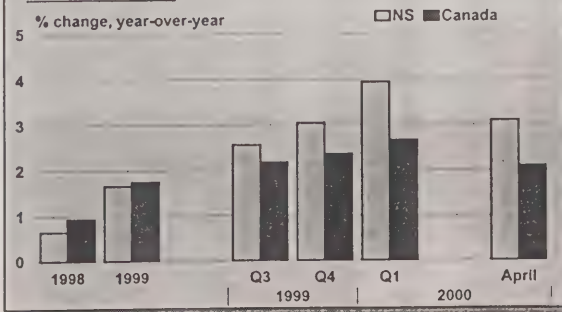
Retail Trade



Housing



CPI Inflation Rate





Labour Markets

Employment surges in the first quarter...

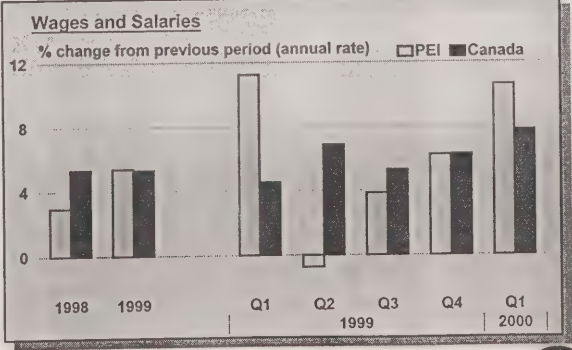
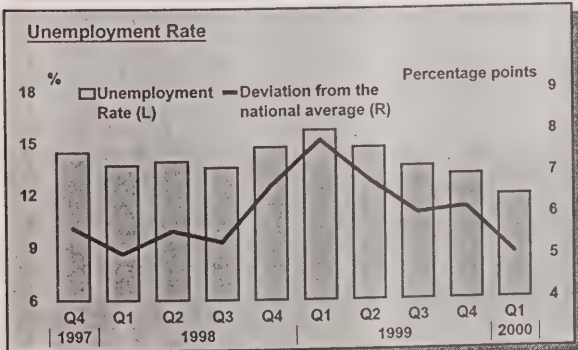
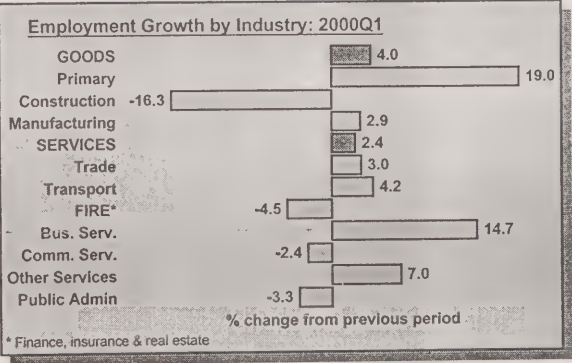
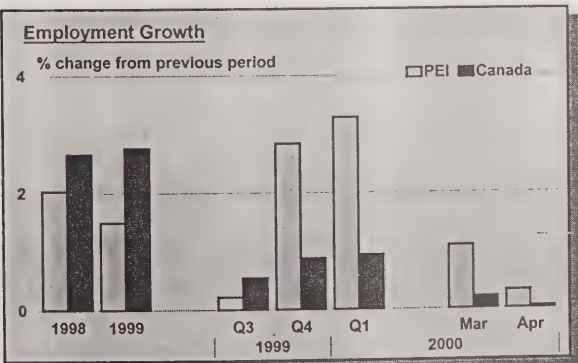
- PEI experienced strong employment growth in the first quarter, building on the fourth quarter advance. Gains were particularly strong in March, which witnessed growth well above the national average.
- Several sectors recorded advances in the first quarter, with primary and business services leading overall gains. Construction employment fell back significantly, but is expected to pick up in coming periods, as large construction projects get underway.

...and the unemployment rate continues to decline...

- The strong advance in employment pushed PEI's unemployment rate down to 11.9% in the first quarter, the lowest quarterly average in over ten years.
- The fall in the unemployment rate brought it to 5.1 percentage points above the national average, the smallest differential recorded since 1996. This gap has narrowed by 3.4 percentage points since its peak in January 1999.

...while earnings growth soars

- Growth in wages and salaries stood well above the national average in the first quarter, reflecting the recent strength of the labour market.





Economic Activity and Prices

Industrial activity falls in the first quarter...

- Following a very strong year for manufacturing in 1999, industrial activity dropped sharply in the first quarter of 2000. The setback was concentrated in the durable goods sector, with transportation equipment responsible for most of the decline. Although this sector (which comprises the burgeoning aerospace industry) fell back from the pace of the previous quarter, its production is up 28.8% on a year-over-year basis.

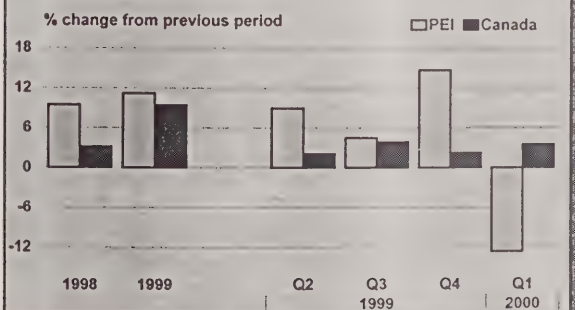
...and consumer spending eases...

- Consumer spending also started the new year slowly, barely advancing in the first quarter, following growth of nearly 10% in 1999.
- The housing market also remained flat in the first quarter, with very slight increases posted in housing starts and in sales of existing homes.

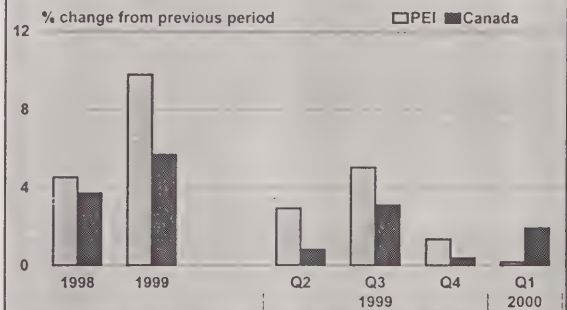
...while inflation edges up

- Inflation stood at 3.2% in the first quarter, outpacing the national average for the second consecutive quarter. Higher transportation and shelter costs were primarily responsible for the quarterly rise in the price index, with increases also recorded in prices for alcohol and for recreation, education and reading.
- The upward momentum in prices carried over into the next quarter, pushing inflation to 4.0% in April, almost twice the national level. This differential was caused primarily by shelter costs, which rose almost 6 percentage points faster in PEI than for Canada as a whole.

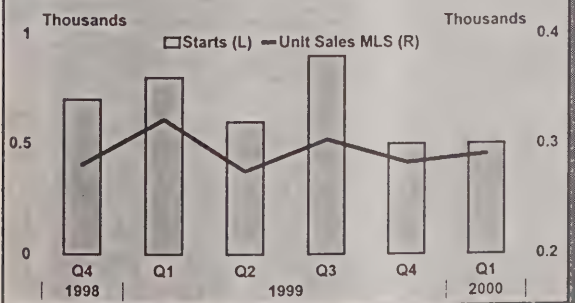
Manufacturing Shipments



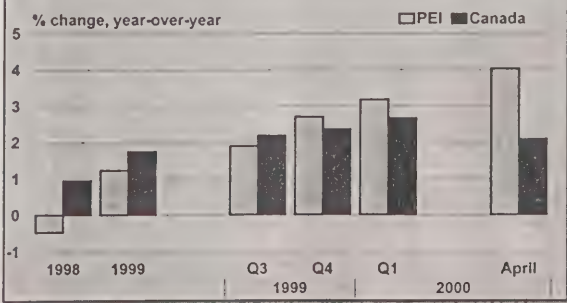
Retail Trade



Housing



CPI Inflation Rate





Labour Markets

Employment falls back in the first quarter...

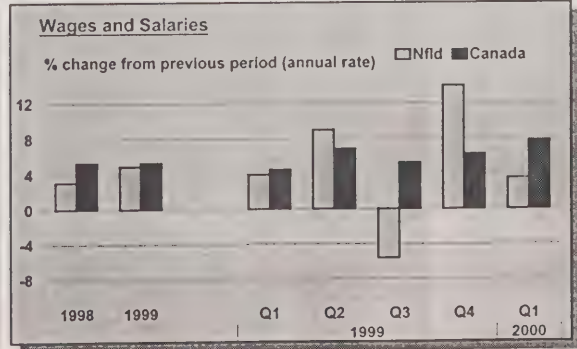
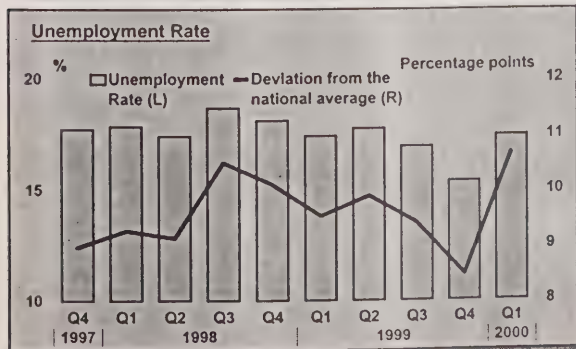
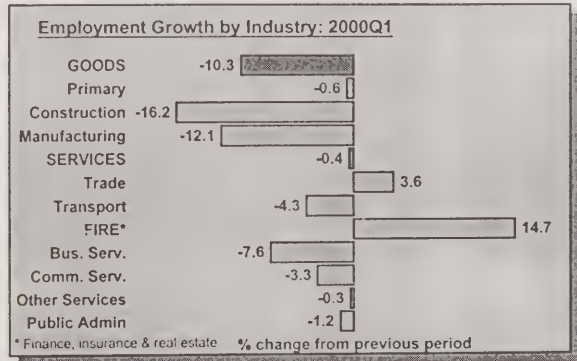
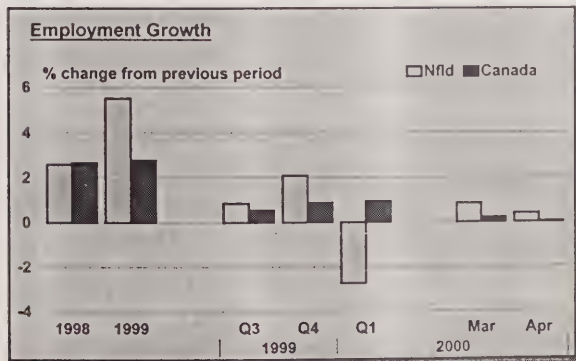
- Employment in Newfoundland declined by 2.7% in the first quarter of 2000, after growing much faster than the national average in 1999. Indeed, for 1999 as a whole, Newfoundland experienced the highest growth rate in Canada. Although the labour market weakened in the early part of the new year, employment growth picked up in March and April.
- The first quarter setback was broad-based, with 8 of 10 sectors reporting declines. Construction and manufacturing were the hardest hit, after enjoying the greatest gains in the previous quarter. Job gains were reported in the trade sector, and in the finance, insurance & real estate sector, which experienced a noticeable surge, reversing a fourth quarter retreat.

...pushing the unemployment rate higher...

- With the participation rate remaining close to its all-time high reached in 1999, these job losses pushed up the unemployment rate by over 2 percentage points to 17.5%. Coupled with falling unemployment at the national level, Newfoundland's unemployment rate gap with respect to the national average grew even more sharply, reaching a high of nearly 11 percentage points, the widest differential since 1996.

..while wage and salary growth retreats

- Earnings growth slowed significantly in the first quarter but managed to remain positive in spite of falling employment.





Economic Activity and Prices

Industrial activity slows in the first quarter...

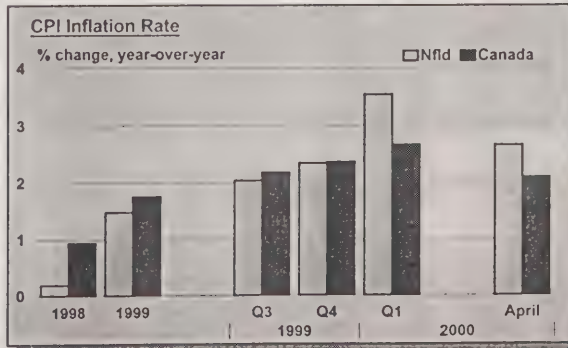
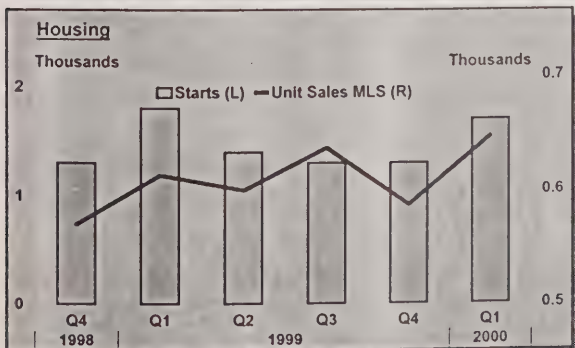
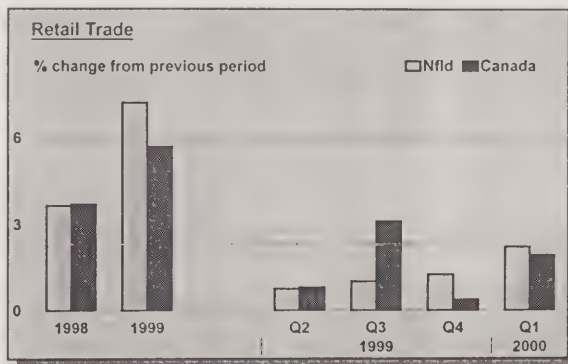
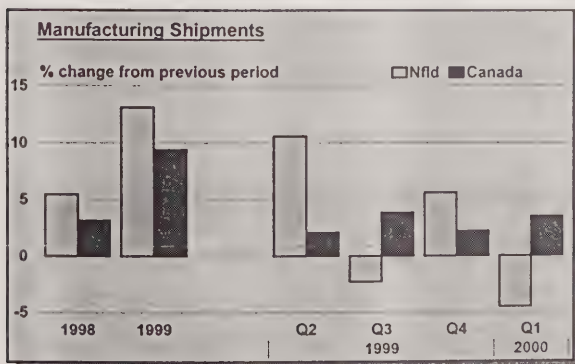
- Manufacturing shipments fell in the first quarter, with food and fabricated metal products posting the largest declines. Shipments of non-metallic minerals registered the largest increase. Although shipments continue to fluctuate from period to period, the underlying trend remains positive.

...while consumer expenditures heat up...

- Retail sales advanced 2.2% in the first quarter, solidifying the upward trend observed in the previous quarters. As in 1999, spending in Newfoundland continues to outpace the national average, buoyed by high consumer confidence.
- Reflecting this strength, housing activity in Newfoundland also picked up in the first quarter, with gains reported in both new housing starts and sales of existing homes. St. John's was one of the hottest housing markets in the country in the first quarter, posting price increases comparable to those of Toronto and Ottawa.

...along with prices

- Newfoundland's rate of inflation stood at 3.5% in the first quarter, the largest year-over-year increase since 1993. Climbing prices for shelter and transportation accounted for most of this increase. After remaining below the national average in 1998 and 1999, Newfoundland's inflation jumped well above the national average in the first quarter, and in April.





Territories

A word of caution:

Data for the Territories are less reliable than for the Provinces because of the small size of the samples. They are, therefore, subject to large revisions.

Territories

Economic Activity and Prices

Employment growth slows in the first quarter...

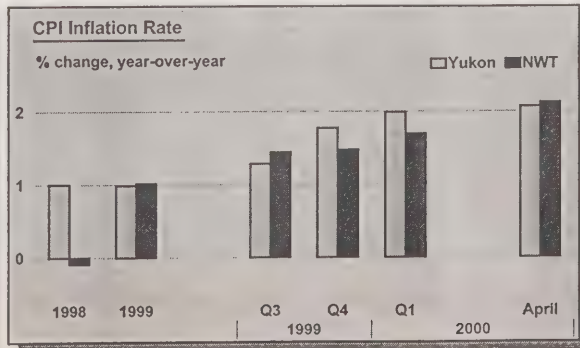
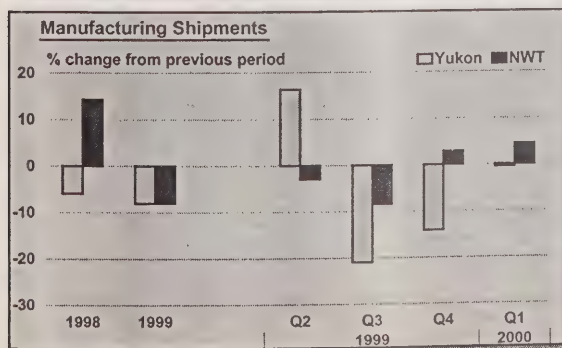
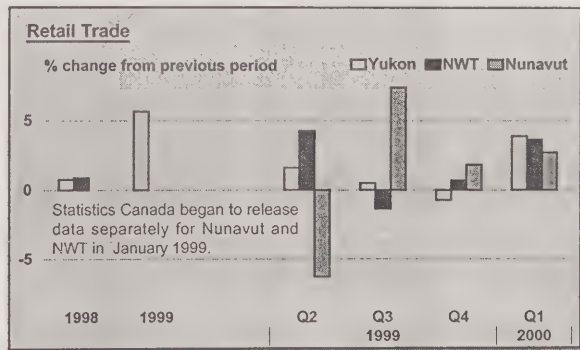
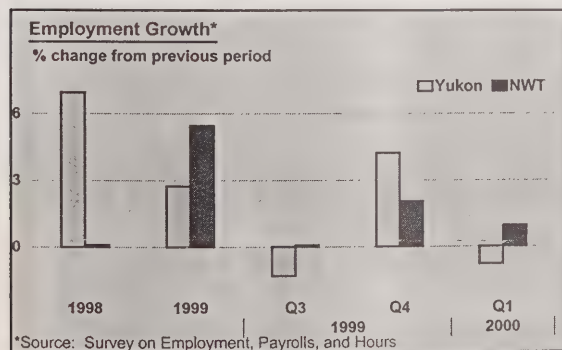
- Employment continued to advance in the first quarter in the Northwest Territories, albeit at a slower pace than in the previous quarter. Gains were recorded in goods and services-producing industries.
- However, employment edged down in Yukon following a solid performance in the fourth quarter.


...and data on economic activity are mixed

- Household expenditures strengthened in all territories early in the new year with Yukon registering the largest increase.
- Industrial activity in the Northwest Territories built on a solid fourth quarter and increased a further 4.5% in the first quarter of 2000. Moreover, industrial activity in Yukon may be set to rebound as overall manufacturing shipments declined at a smaller pace than in previous quarters.

Inflation accelerates in the first quarter

- Inflation was up in the first quarter, but remained below the 2% mark in the Northwest Territories and reached 2.0% in Yukon. The CPI inflation rate was close to 2% in April in both territories.





STATISTICAL APPENDIX

Key Provincial Data

	1998	1999	1999Q4	2000Q1	March 2000	April 2000
BRITISH COLUMBIA						
Mfg Shipments (\$M)	33,890.2	37,034.0	9,698.5	10,174.0	3,471.6	N/A
% change (1)	-2.0	9.3	2.5	4.9	3.5	N/A
Retail Trade (\$M)	33,044.9	33,672.2	8,575.5	8,718.9	2,914.9	N/A
% change	-2.0	1.9	1.2	1.7	0.4	N/A
Housing Starts (000's)	20.3	16.2	17.9	13.3	12.4	15.3
Labour Force (000's)	2,051.2	2,079.1	2,079.5	2,093.3	2,094.1	2,080.7
% change	0.5	1.4	-0.2	0.7	-0.2	-0.6
Employment (000's)	1,870.2	1,906.4	1,916.6	1,944.5	1,947.1	1,937.5
% change	0.1	1.9	0.4	1.5	-0.2	-0.5
Unemployment Rate (%)	8.8	8.3	7.8	7.1	7.0	6.9
Participation Rate (%)	64.9	65.1	64.8	65.0	64.9	64.5
CPI Inflation	0.3	1.1	1.6	1.4	1.8	1.3
ALBERTA						
Mfg Shipments (\$M)	33,409.0	35,273.6	9,581.2	10,027.5	3,463.6	N/A
% change (1)	-3.6	5.6	7.3	4.7	4.5	N/A
Retail Trade (\$M)	28,064.9	29,323.9	7,577.3	7,765.2	2,609.8	N/A
% change	4.2	4.5	1.0	2.5	1.5	N/A
Housing Starts (000's)	27.3	25.2	27.4	26.0	26.7	27.2
Labour Force (000's)	1,605.1	1,647.9	1,653.1	1,666.8	1,671.9	1,669.1
% change	3.7	2.7	0.0	0.8	0.3	-0.2
Employment (000's)	1,515.4	1,553.3	1,564.7	1,583.2	1,588.3	1,583.6
% change	3.9	2.5	0.5	1.2	0.2	-0.3
Unemployment Rate (%)	5.6	5.7	5.3	5.0	5.0	5.1
Participation Rate (%)	72.5	72.6	72.3	72.6	72.7	72.4
CPI Inflation	1.1	2.4	3.3	3.0	3.5	3.3
SASKATCHEWAN						
Mfg Shipments (\$M)	5,895.5	6,123.0	1,629.7	1,714.5	583.9	N/A
% change (1)	-3.8	3.9	4.6	5.2	1.7	N/A
Retail Trade (\$M)	7,621.5	7,734.6	1,962.9	2,012.8	678.3	N/A
% change	0.0	1.5	-0.1	2.5	1.7	N/A
Housing Starts (000's)	3.0	3.2	2.3	2.4	2.4	2.1
Labour Force (000's)	505.3	511.0	511.9	514.5	515.0	512.6
% change	1.2	1.1	0.1	0.5	0.2	-0.5
Employment (000's)	476.3	480.1	483.6	489.9	491.2	488.0
% change	1.3	0.8	0.3	1.3	0.2	-0.7
Unemployment Rate (%)	5.7	6.1	5.5	4.8	4.6	4.8
Participation Rate (%)	66.6	67.0	67.1	67.4	67.4	67.1
CPI Inflation	1.4	1.7	1.8	1.9	2.4	2.4
MANITOBA						
Mfg Shipments (\$M)	10,613.2	10,365.4	2,562.7	2,677.7	903.3	N/A
% change (1)	6.1	-2.3	0.5	4.5	1.9	N/A
Retail Trade (\$M)	8,771.6	9,023.5	2,271.8	2,331.8	783.5	N/A
% change	2.1	2.9	-0.9	2.6	0.8	N/A
Housing Starts (000's)	2.8	3.2	2.6	2.3	2.6	2.9
Labour Force (000's)	566.8	574.8	575.9	581.3	583.2	585.2
% change	0.9	1.4	-0.3	0.9	0.4	0.3
Employment (000's)	535.7	542.7	545.6	550.0	550.6	555.9
% change	1.9	1.3	0.4	0.8	0.2	1.0
Unemployment Rate (%)	5.5	5.6	5.3	5.4	5.6	5.0
Participation Rate (%)	67.0	67.5	67.4	67.9	68.1	68.3
CPI Inflation	1.3	1.9	2.2	2.6	3.2	2.4

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Key Provincial Data

	1998	1999	1999Q4	2000Q1	March 2000	April 2000
ONTARIO						
Mfg Shipments (\$M)	240,016.0	268,447.9	69,023.4	70,849.0	24,104.9	N/A
% change (1)	4.8	11.8	0.4	2.6	4.8	N/A
Retail Trade (\$M)	92,411.9	99,149.8	25,366.4	25,837.0	8,693.0	N/A
% change	6.9	7.3	-0.2	1.9	2.0	N/A
Housing Starts (000's)	54.7	67.0	69.3	78.8	82.9	75.0
Labour Force (000's)	5,914.3	6,070.8	6,101.5	6,159.0	6,178.5	6,173.1
% change	1.9	2.6	0.2	0.9	0.4	-0.1
Employment (000's)	5,490.0	5,688.1	5,754.6	5,810.6	5,832.3	5,834.6
% change	3.3	3.6	0.8	1.0	0.5	0.0
Unemployment Rate (%)	7.2	6.3	5.7	5.7	5.6	5.5
Participation Rate (%)	66.0	66.6	66.5	66.9	67.0	66.9
CPI Inflation	0.9	1.9	2.5	3.0	3.4	2.2
QUEBEC						
Mfg Shipments (\$M)	107,331.7	114,110.1	29,882.6	31,287.6	10,512.9	N/A
% change (1)	3.9	6.3	4.1	4.7	2.6	N/A
Retail Trade (\$M)	57,157.8	60,766.1	15,361.1	15,681.5	5,305.6	N/A
% change	2.3	6.3	0.5	2.1	3.5	N/A
Housing Starts (000's)	23.0	25.6	27.8	26.7	27.7	26.3
Labour Force (000's)	3,660.2	3,701.6	3,724.2	3,740.8	3,746.0	3,765.1
% change	1.5	1.1	0.6	0.4	0.1	0.5
Employment (000's)	3,281.5	3,357.4	3,410.1	3,428.2	3,425.2	3,435.1
% change	2.7	2.3	1.6	0.5	-0.2	0.3
Unemployment Rate (%)	10.3	9.3	8.4	8.4	8.6	8.8
Participation Rate (%)	62.6	62.8	63.0	63.2	63.2	63.5
CPI Inflation	1.4	1.5	2.2	2.4	2.4	1.7
NEW BRUNSWICK						
Mfg Shipments (\$M)	8,078.6	8,762.1	2,372.6	2,571.3	875.4	N/A
% change (1)	-4.4	8.5	3.0	8.4	0.1	N/A
Retail Trade (\$M)	6,042.5	6,607.6	1,687.4	1,705.8	582.9	N/A
% change	6.8	9.4	0.2	1.1	5.1	N/A
Housing Starts (000's)	2.2	2.7	3.1	4.5	3.8	2.8
Labour Force (000's)	361.9	365.7	365.4	367.8	369.8	372.2
% change	1.7	1.1	0.7	0.7	0.8	0.6
Employment (000's)	317.8	328.4	329.4	331.7	331.4	-333.1
% change	2.3	3.3	0.3	0.7	0.0	0.5
Unemployment Rate (%)	12.2	10.2	9.8	9.8	10.4	10.5
Participation Rate (%)	60.7	61.0	60.8	61.1	61.4	61.7
CPI Inflation	0.6	1.6	2.6	3.5	4.2	3.0
NOVA SCOTIA						
Mfg Shipments (\$M)	6,829.4	7,732.2	2,123.5	2,090.5	721.7	N/A
% change (1)	5.5	13.2	9.5	-1.6	0.6	N/A
Retail Trade (\$M)	7,710.8	8,159.6	2,085.3	2,081.5	708.4	N/A
% change	4.6	5.8	1.7	-0.2	1.4	N/A
Housing Starts (000's)	3.1	4.4	4.8	6.4	6.7	5.0
Labour Force (000's)	445.9	452.0	455.1	462.0	461.8	462.0
% change	1.9	1.4	0.7	1.5	0.0	0.0
Employment (000's)	398.9	408.6	411.9	418.5	420.9	423.0
% change	3.8	2.4	0.6	1.6	0.9	0.5
Unemployment Rate (%)	10.5	9.6	9.5	9.4	8.9	8.4
Participation Rate (%)	60.7	61.0	61.2	62.0	61.9	61.9
CPI Inflation	0.6	1.7	3.0	3.9	4.4	3.1

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Key Provincial Data

	1998	1999	1999Q4	2000Q1	March 2000	April 2000
PRINCE EDWARD ISLAND						
Mfg Shipments (\$M)	882.6	981.0	282.5	246.7	86.3	N/A
% change (1)	9.4	11.2	14.7	-12.7	6.0	N/A
Retail Trade (\$M)	1,053.7	1,156.9	301.4	301.9	100.5	N/A
% change	4.5	9.8	1.3	0.2	-1.3	N/A
Housing Starts (000's)	0.5	0.7	0.5	0.5	0.6	0.4
Labour Force (000's)	70.1	71.6	72.4	73.6	74.1	74.3
% change	0.1	2.1	2.3	1.7	1.2	0.3
Employment (000's)	60.4	61.3	62.8	64.9	65.5	65.7
% change	2.0	1.5	2.8	3.3	1.1	0.3
Unemployment Rate (%)	13.8	14.4	13.1	11.9	11.6	11.6
Participation Rate (%)	65.7	66.4	66.7	67.6	67.9	68.1
CPI Inflation	-0.5	1.2	2.7	3.2	3.5	4.0
NEWFOUNDLAND						
Mfg Shipments (\$M)	1,750.1	1,748.0	522.0	498.3	100.0	N/A
% change (1)	5.4	-0.1	5.6	-4.5	-4.6	N/A
Retail Trade (\$M)	3,938.5	3,954.2	1,073.0	1,096.8	370.8	N/A
% change	3.7	0.4	1.3	2.2	2.6	N/A
Housing Starts (000's)	1.4	1.4	1.3	1.8	1.5	1.7
Labour Force (000's)	237.0	246.7	248.3	247.6	249.8	247.6
% change	1.9	4.1	0.2	-0.3	1.1	-0.9
Employment (000's)	194.2	204.9	210.1	204.3	205.3	206.1
% change	2.6	5.5	2.1	-2.7	0.8	0.4
Unemployment Rate (%)	18.0	16.9	15.4	17.5	17.8	16.8
Participation Rate (%)	53.9	56.3	56.6	56.3	56.7	56.3
CPI Inflation	0.2	1.5	2.3	3.5	3.5	2.7
CANADA						
Mfg Shipments (\$M)	448,749.5	490,858.3	127,688.5	132,146.5	44,886.2	N/A
% change (1)	3.2	9.4	2.2	3.5	3.8	N/A
Retail Trade (\$M)	246,641.0	260,690.8	66,484.0	67,762.4	22,826.0	N/A
% change	3.7	5.7	0.4	1.9	2.1	N/A
Housing Starts (000's)	138.3	149.6	157.0	162.7	167.3	158.6
Labour Force (000's)	15,417.7	15,721.2	15,787.3	15,906.8	15,944.1	15,941.9
% change	1.7	2.0	0.2	0.8	0.2	0.0
Employment (000's)	14,140.4	14,531.2	14,689.5	14,825.7	14,857.8	14,862.6
% change	2.7	2.8	0.9	0.9	0.2	0.0
Unemployment Rate (%)	8.3	7.6	6.9	6.8	6.8	6.8
Participation Rate (%)	65.1	65.6	65.5	65.8	65.9	65.8
CPI Inflation	0.9	1.7	2.4	2.7	3.0	2.1

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Provincial Economic Accounts

	1992	1993	1994	1995	1996	1997	1998
Real GDP at Market Prices (\$1992M)							
BC	87,066	90,543	93,355	95,370	97,788	99,467	99,708
% change		4.0	3.1	2.2	2.5	1.7	0.2
Alberta	74,748	79,792	84,622	87,161	89,040	95,547	98,630
% change		6.7	6.1	3.0	2.2	7.3	3.2
Sask	21,102	22,654	23,603	23,934	24,542	25,782	26,116
% change		7.4	4.2	1.4	2.5	5.1	1.3
Manitoba	24,420	24,468	25,298	25,445	25,990	26,955	27,842
% change		0.2	3.4	0.6	2.1	3.7	3.3
Ontario	285,101	288,164	305,223	316,581	321,562	335,616	350,083
% change		1.1	5.9	3.7	1.6	4.4	4.3
Quebec	158,357	160,897	167,241	170,366	172,826	178,611	183,223
% change		1.6	3.9	1.9	1.4	3.3	2.6
New Brunswick	14,029	14,358	14,643	15,071	15,320	15,427	15,782
% change		2.3	2.0	2.9	1.7	0.7	2.3
Nova Scotia	18,071	18,193	18,256	18,578	18,602	19,124	19,674
% change		0.7	0.3	1.8	0.1	2.8	2.9
PEI	2,331	2,370	2,492	2,629	2,667	2,680	2,706
% change		1.7	5.1	5.5	1.4	0.5	1.0
Nfld	9,550	9,668	10,126	10,348	10,007	10,154	10,785
% change		1.2	4.7	2.2	-3.3	1.5	6.2
Yukon	1,090	874	864	1,005	1,110	989	994
% change		-19.8	-1.1	16.3	10.4	-10.9	0.5
NWT	2,286	2,242	2,318	2,315	2,380	2,426	2,466
% change		-1.9	3.4	-0.1	2.8	1.9	1.6
Canada	698,544	714,583	748,350	769,082	782,130	813,031	838,265
% change		2.3	4.7	2.8	1.7	4.0	3.1

Population ('000s)

BC	3,470	3,572	3,682	3,784	3,882	3,961	4,003
% change		2.9	3.1	2.8	2.6	2.0	1.1
Alberta	2,634	2,671	2,705	2,740	2,781	2,838	2,910
% change		1.4	1.3	1.3	1.5	2.0	2.5
Sask	1,004	1,007	1,010	1,014	1,019	1,022	1,026
% change		0.3	0.3	0.4	0.5	0.3	0.4
Manitoba	1,113	1,118	1,124	1,130	1,134	1,136	1,138
% change		0.4	0.5	0.5	0.4	0.2	0.2
Ontario	10,572	10,689	10,827	10,964	11,101	11,263	11,413
% change		1.1	1.3	1.3	1.2	1.5	1.3
Quebec	7,114	7,165	7,207	7,241	7,274	7,308	7,335
% change		0.7	0.6	0.5	0.5	0.5	0.4
New Brunswick	748	750	751	752	753	754	753
% change		0.3	0.1	0.1	0.1	0.1	-0.1
Nova Scotia	919	924	926	928	931	935	936
% change		0.5	0.2	0.2	0.3	0.4	0.1
PEI	131	132	134	135	136	137	137
% change		0.8	1.5	0.7	0.7	0.7	0.0
Nfld	580	580	575	568	561	554	546
% change		0.0	-0.9	-1.2	-1.2	-1.2	-1.4
Yukon	30	31	30	31	32	32	32
% change		3.3	-3.2	3.3	3.2	0.0	0.0
NWT	62	64	65	67	68	68	68
% change		3.2	1.6	3.1	1.5	0.0	0.0
Canada	28,377	28,703	29,036	29,354	29,672	30,008	30,297
% change		1.1	1.2	1.1	1.1	1.1	1.0

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Regional Economic Observer



Second Quarter, 2000

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The "Regional Economic Observer" (REO) provides a snapshot of provincial economic conditions in a convenient format. The REO does not interpret or evaluate government policies, and every attempt is made to present factual information in an informed and balanced manner consistent with generally accepted economic principles. This report uses data available as of August 31, 2000. It has been prepared by Eric Chalifoux, Julie Dubois, Arif Mahmud, Alison McDermott and Karen Smith under the direction of Raynald Létourneau and Shane Williamson. All information is taken from public sources, primarily Statistics Canada, the Bank of Canada, the Canada Mortgage and Housing Corporation, and the Canadian Real Estate Association. Please address comments to Raynald Létourneau at 613-996-0474 or through the Internet at letourneau.raynald@ic.gc.ca.

Highlights: Second Quarter, 2000

British Columbia

The B.C. economy slowed down in the second quarter. Employment growth edged up, posting gains only in May. Nonetheless, the unemployment rate fell to 6.8%, its lowest rate since 1981. Manufacturing activity suffered from weak wood prices but consumer spending kept rising, albeit at a slower pace.

Prairies

The Prairie economy is also showing signs of a slowdown, with weakening industrial and retailing activity spread across the three provinces. This is somewhat attenuated by continuous gains in employment in Manitoba and Alberta, leading to lower unemployment rates in these provinces. However, lower employment in Saskatchewan drove the unemployment rate slightly up.

Ontario

The Ontario economy also softened in the second quarter. Housing starts and retail sales both slowed, but manufacturers of electronic components and aircraft and parts posted strong growth, offsetting a decline in the important auto sector. Job creation was also less vigorous but the unemployment rate, nonetheless, fell to a near 10-year low.

Quebec

Economic growth in Quebec lost some momentum mainly as a result of a slowdown in consumer spending, while manufacturing activity continued to advance, led by electrical and electronic products industries. Employment grew at a rate similar to that of the previous quarter, but the unemployment rate rose slightly from its lowest rate observed since 1976.

Atlantic

The economic situation in the Atlantic region was mixed in the second quarter. Newfoundland and Nova Scotia posted a more robust performance in the second quarter as industrial activity recovered in both provinces and employment gains were above the national average. However, Prince Edward Island and New Brunswick experienced a slowdown in manufacturing, and a sharp contraction of employment growth. Income growth was significantly boosted by federal pay equity payments in all provinces.



British Columbia



Labour Markets

Job creation edges up in the second quarter...

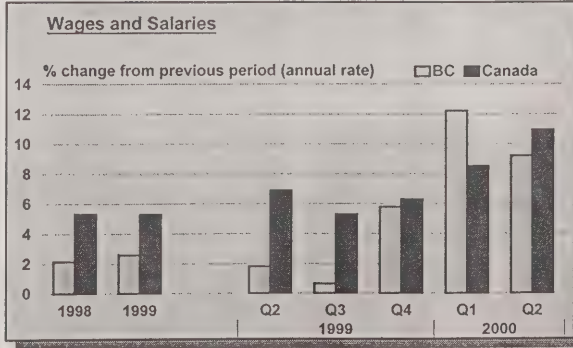
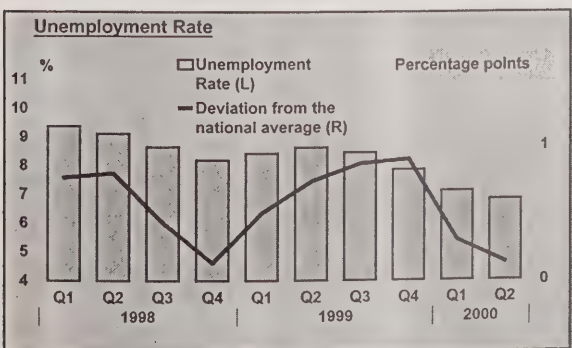
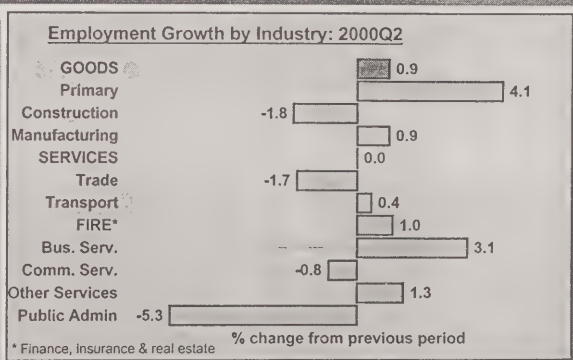
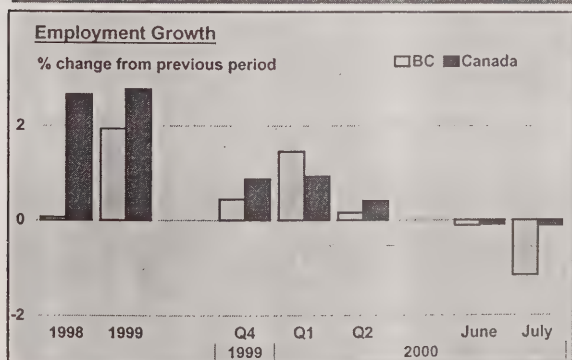
- Employment rose 0.2% in the second quarter building on a strong increase in the previous quarter. Job gains occurred mainly in primary industries and in business services, while losses in public administration, construction and trade somewhat offset these gains.
- In July, employment fell for a second consecutive month. The 0.8% decline was widespread across major industrial sectors.

...pushing the unemployment rate down

- The unemployment rate continued on its decreasing trend in the second quarter, edging down to 6.8%, it's lowest rate since 1981.
- The unemployment rate gap with the national average narrowed, with the B.C. rate only 0.1 percentage point above the Canadian rate.

Labour income growth remains firm

- Wage and salaries recorded a strong advance in the second quarter, increasing 9.2% (annual rate). As in all other provinces, income growth was boosted in the second quarter by federal pay equity payments. Wage and salary growth was, nonetheless, below the national average, reflecting in part lower job gains in the province.





Economic Activity and Prices

Manufacturing activity falls in the second quarter...

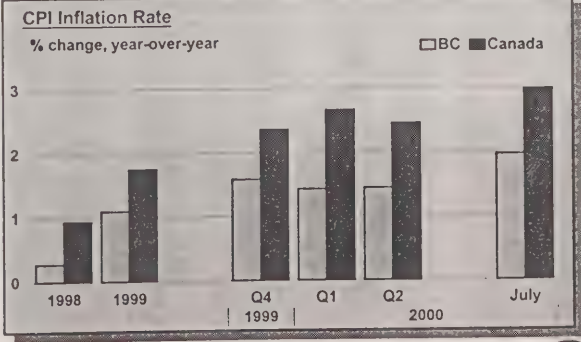
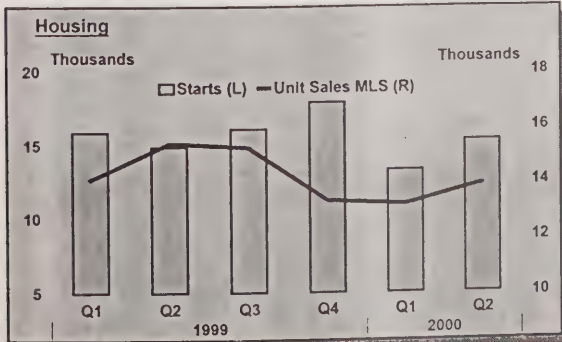
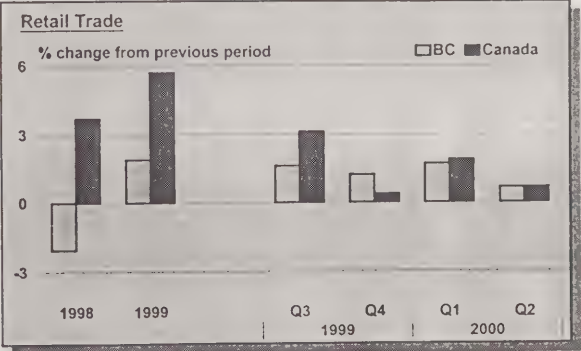
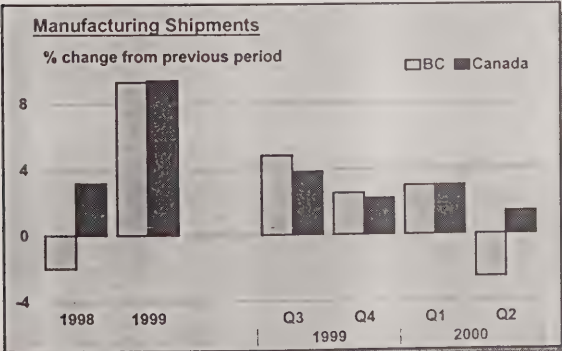
- Manufacturing shipments decreased 2.6% in the second quarter, mainly because of lower production in the wood and paper industry and weaker lumber prices.

...and household spending eases

- Retail sales rose further in the second quarter, albeit at a slower pace than at the beginning of the year. This reflects lower employment growth and consumer confidence.
- Housing demand increased, with new starts surging 15% and home resales up 6% in the second quarter.

Inflation rate remains much lower than the national average

- On a year-over-year basis, consumer prices rose 1.4% in the second quarter, the lowest increase among all provinces. Lower food prices and small increases for shelter, alcohol and household explain in large part the low inflation rate. Inflation remained low in July, as consumer prices advanced 2%, a full percentage point below the national rate.







Labour Markets

Gains in goods-producing industries lead to higher employment in the second quarter...

- Employment grew 0.2% in the second quarter. Gains were concentrated in the goods-producing industries, notably in manufacturing and primary industries. Employment in services remained flat as gains in transportation and other services were offset by losses in finance, public administration and trade.
- On a monthly basis, employment decreased further in July, with weakness evident across most industrial sectors.

...driving the unemployment rate down

- Modest job gains in the second quarter pushed the unemployment rate down marginally to 4.9%.
- As a result, the provincial unemployment rate remained 1.8 percentage points below the national rate.

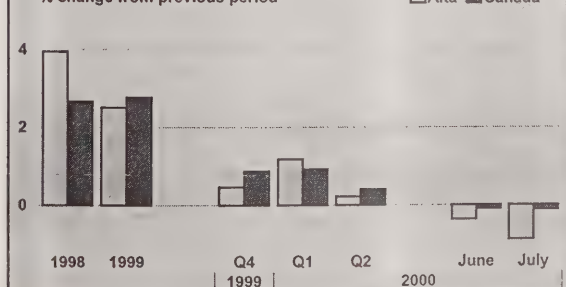
Income growth remains solid

- Wage and salary growth exceeded 8% (annual rate), although this is down slightly from the previous quarter. Income growth was attributable to a higher number of full time workers as well as an increase in weekly hours worked.

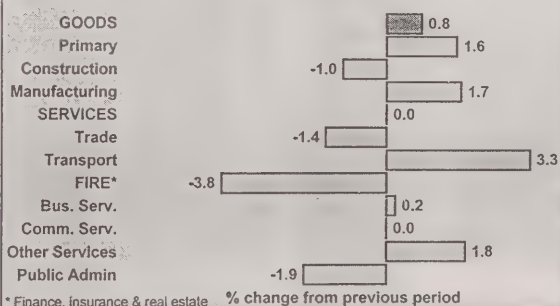
Employment Growth

% change from previous period

□ Alta ■ Canada



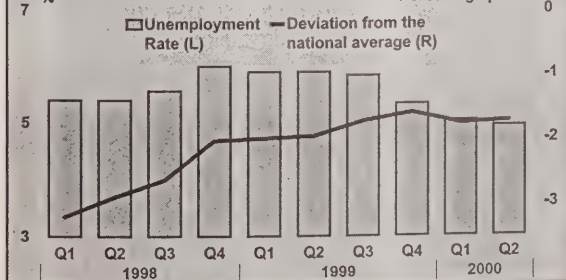
Employment Growth by Industry: 2000Q2



Unemployment Rate

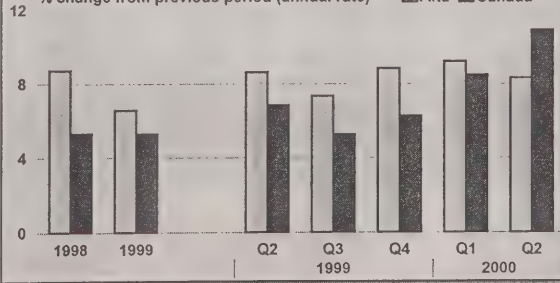
Percentage points

□ Unemployment Rate (L) — Deviation from the national average (R)



Wages and Salaries

% change from previous period (annual rate) □ Alta ■ Canada





Economic Activity and Prices

Growth in industrial production slows...

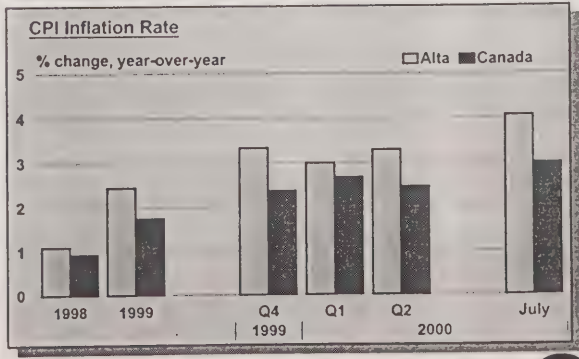
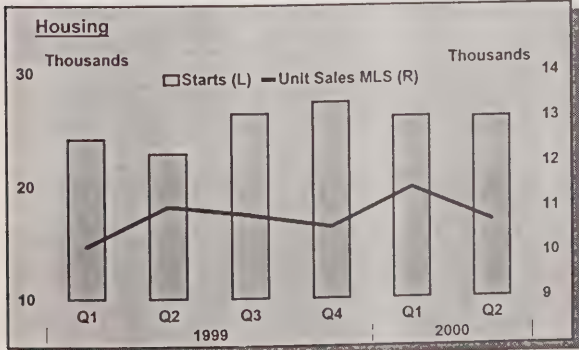
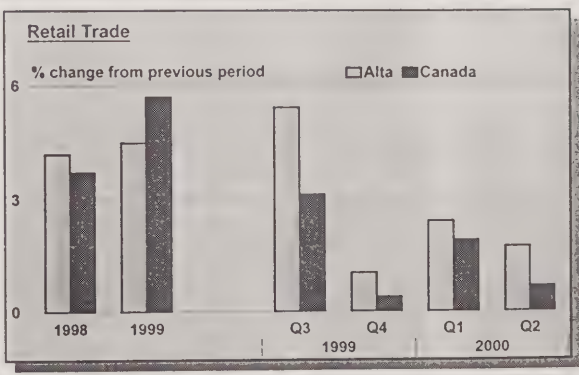
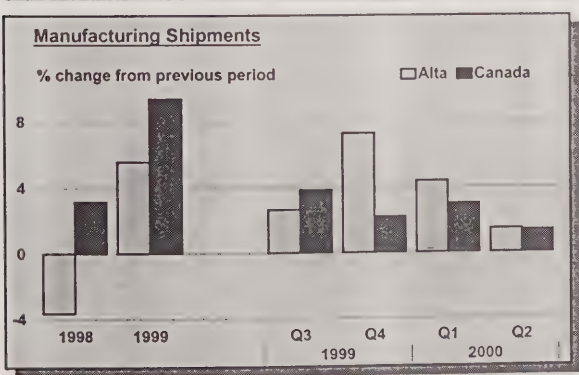
- Manufacturing shipments lost some momentum in the second quarter but were still up 1.5%. Growth was partly dampened by lower shipments of wood and fabricated metal products.

...and household spending edges down

- Retail sales rose by 1.7% in the second quarter, slower than in the previous period, but still one percentage point above the national average.
- Home resales were down 6.5% in the second quarter following a large increase in the first quarter. Housing starts were virtually unchanged.

Transport and shelter boost inflation to 3.3%

- The provincial inflation rate stood at 3.3% in the second quarter, on a year-over-year basis, the second highest in Canada. The increase was largely accounted for by higher prices of transport and shelter. Inflation stood at 4.1% in July, mainly because of higher shelter costs.





Labour Markets

Employment falls in the second quarter...

- Employment declined in the second quarter, following solid gains in the previous period. Losses were concentrated in the goods sector where all major industries posted declines. Employment grew slightly in the service sector with gains in other services, public administration and trade more than offsetting losses in transportation and business services.

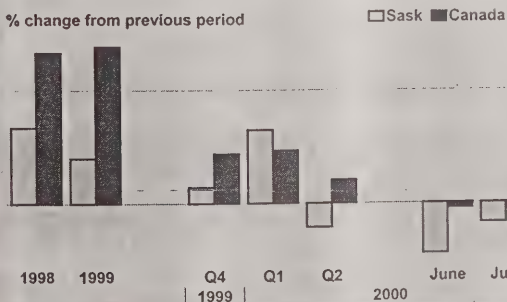
...leading to a higher unemployment rate...

- As a result of lower employment, the unemployment rate increased to 5.1% in the second quarter. Nonetheless, it still remains among the lowest in Canada.
- Saskatchewan's unemployment rate gap was 1.5 percentage points below the national average, compared to a gap of 2 percentage points in the first quarter.

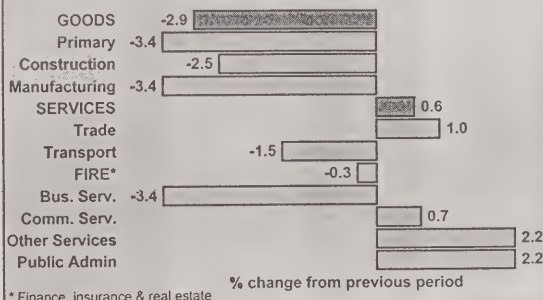
...and dampening income growth

- Growth of wages and salaries slowed to 6.5% (annual rate), about 4 percentage points below the national average, largely as a result of falling employment and weaker hourly earning growth.
- However, farm cash receipts, which are not included in earnings, grew strongly in the second quarter on a year-over-year basis (+30%). Higher payments under the new Canada-Saskatchewan Adjustment Program, designed to provide assistance to farmers following the elimination of transportation subsidies during periods of low prices, accounted for most of the increase.

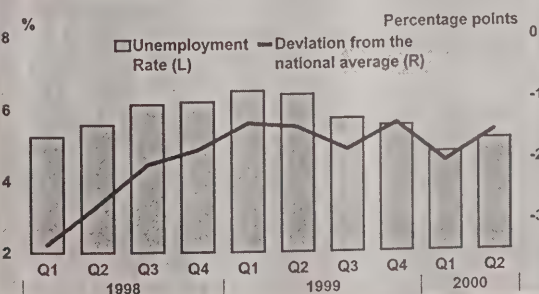
Employment Growth



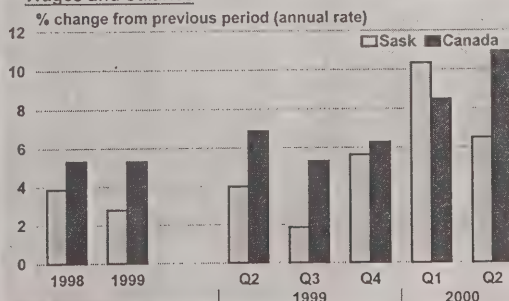
Employment Growth by Industry: 2000Q2



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Manufacturing activity weakens in the second quarter...

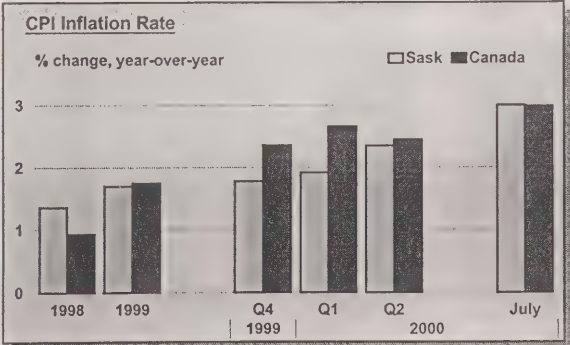
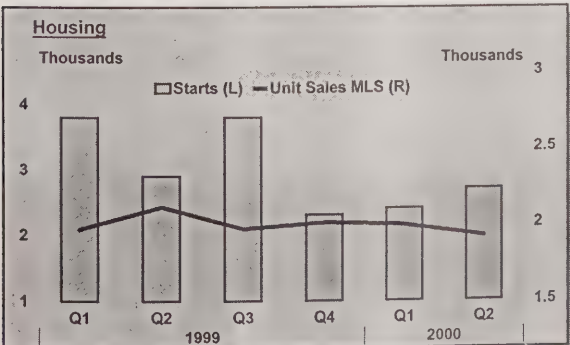
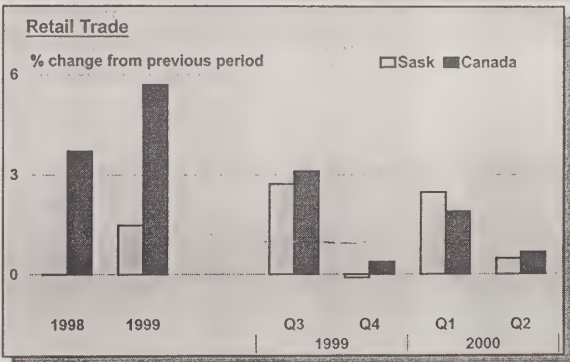
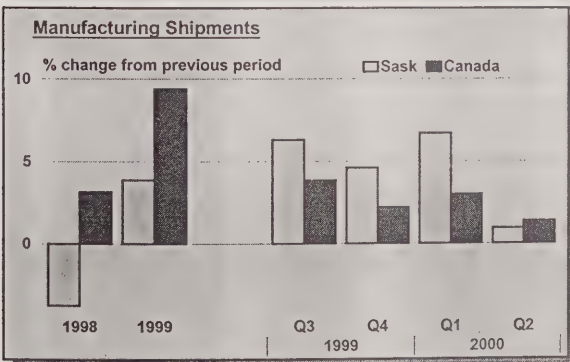
- Manufacturing shipments slowed considerably, increasing by less than 1% in the second quarter. This weak performance was attributable to slower growth in electrical equipment and food industries.

...while household spending slows

- Retail activity also cooled down, reflecting in large part somewhat weaker employment conditions in the province.
- Housing starts rose in the second quarter, extending the upward trend initiated at the end of last year. Nonetheless, home resales fell over the quarter.

Inflation rises slightly to 2.4%

- The CPI index rose 2.4% in the second quarter on a year-over-year basis, narrowing the gap with the national average. The increase was mostly due to higher prices for transportation and shelter.
- Higher prices for health care and transportation were also behind the increase in the CPI inflation rate in July.





Labour Markets

Employment growth picks up in the second quarter...

- Employment growth rose for the third consecutive quarter and exceeded the national average for the first time in almost three years. The 0.9% rise in employment was due to part-time job creation and was concentrated in business services, other services, community services, and in manufacturing. All other industries recorded losses.
- On a month-over-month basis, employment fell 0.2% in July with job losses concentrated in service-producing industries.

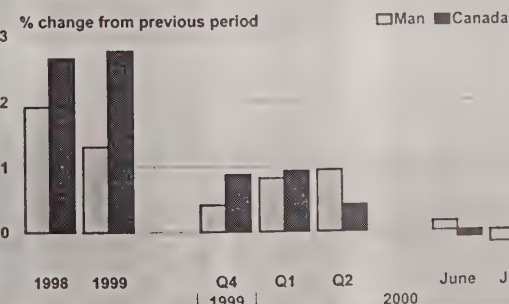
...leading to a lower unemployment rate

- As a result of strong employment growth in the second quarter, the unemployment rate fell 0.7 percentage points to 4.7%, the lowest rate observed since 1976.
- This large decline in Manitoba's unemployment rate widened the gap to 2 percentage points below the national average.

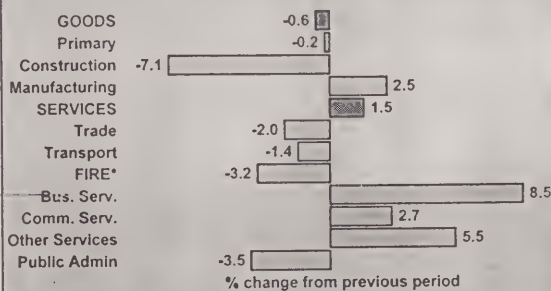
Wages are up strongly in the second quarter

- Growth in wages and salaries increased for the fifth consecutive period, reaching 13.4% (annual rate) in the second quarter, the highest growth recorded in 19 years. This advance in wages is mostly explained by the federal pay equity payments.
- Farm cash receipts increased by 25% in the second quarter on a year-over-year basis, as livestock receipts reached record levels, driven by high prices in the hog and cattle sectors. Still, this strong advance is largely due to the new one-time Canada-Manitoba Adjustment Program which is designed to help farmers in periods of low grain prices.

Employment Growth

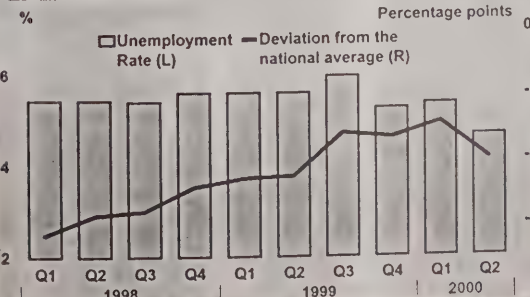


Employment Growth by Industry: 2000Q2



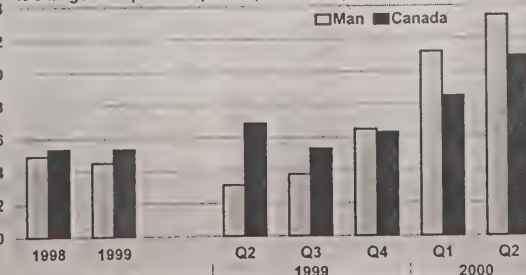
* Finance, insurance & real estate

Unemployment Rate



Wages and Salaries

% change from previous period (annual rate)





Economic Activity and Prices

Industrial activity pauses in the second quarter...

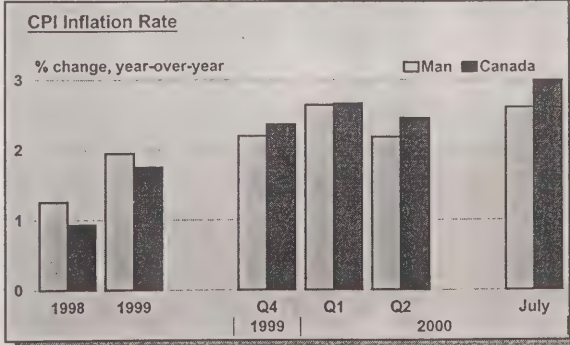
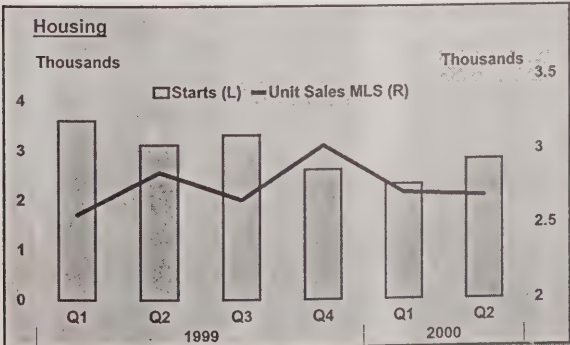
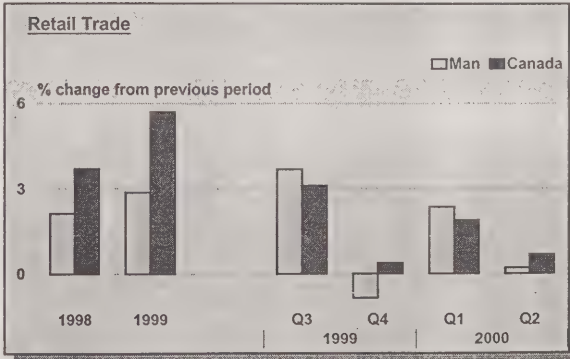
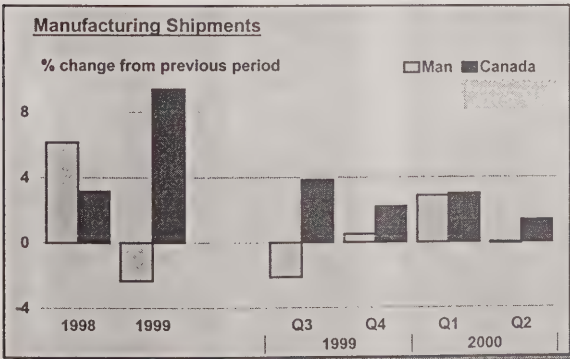
- Manufacturing shipments were practically unchanged in the second quarter as higher production of non-durable goods, such as food, clothing and paper was offset by lower production of durable goods, largely transportation equipment.

...as does retailing

- Following a rebound in the first quarter, retail sales increased slightly in the second quarter.
- The housing sector improved somewhat in the second quarter with housing starts increasing by 5,000 units. As for sales of existing homes, they were virtually unchanged in the second quarter.

Health care costs put pressure on the CPI

- The CPI rose 2.2% in the second quarter, on a year-over-year basis, with higher prices for health care services and transportation accounting for most of the increase. In July, inflation rose to 2.6% on a year-over-year basis, also as a result of higher prices for health care services.







Labour Markets

Employment growth eases in the second quarter ...

- Employment recorded its smallest increase in more than three years in the second quarter, advancing 0.5%, though this rate is still above the national average. On a monthly basis, employment rose by 29,000 in July, following three months of slow growth.
- In the second quarter, job creation was concentrated in the service sector. Strong gains in business services, led by management and administration, and in other services more than offset losses in transportation, FIRE and public administration. Employment in the goods sector increased only 0.3% as agriculture and the construction industry recorded notable losses.

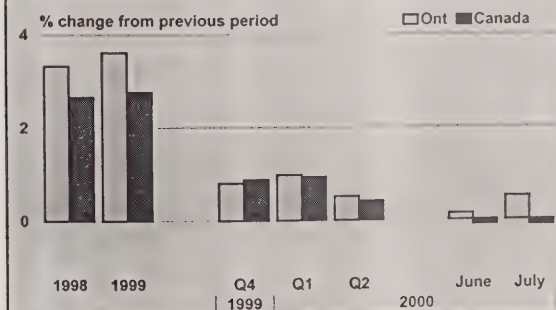
... but, the unemployment rate falls to a near 10-year low

- The unemployment rate, which held steady at 5.7% in the last two quarters, fell 0.2 percentage points to 5.5% in the second quarter, the lowest quarterly rate observed since 1990.
- The Ontario unemployment rate averaged 1.2 percentage points below the national average over this period.

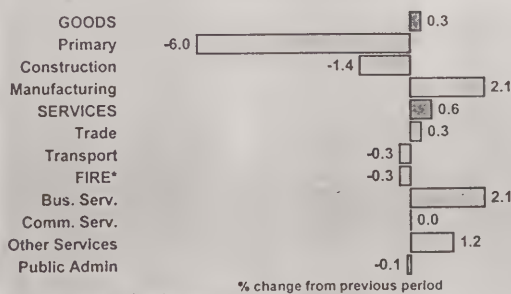
Growth in wages and salaries is supported by pay equity payments

- Despite easing employment growth, wages and salaries continued to advance at a strong rate similar to the national average in the second quarter, owing largely to federal pay equity settlements.

Employment Growth

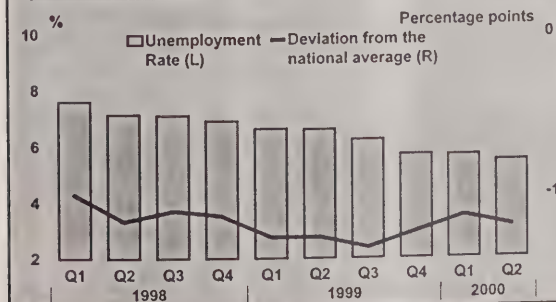


Employment Growth by Industry: 2000Q2

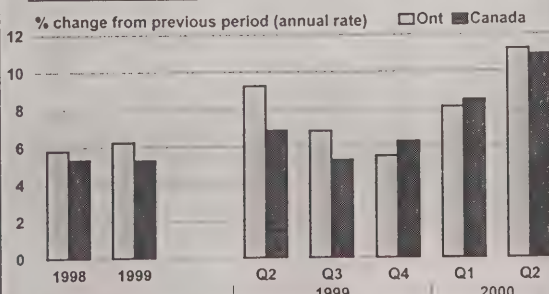


* Finance, insurance & real estate

Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Growth in manufacturing activity remains below the national average ...

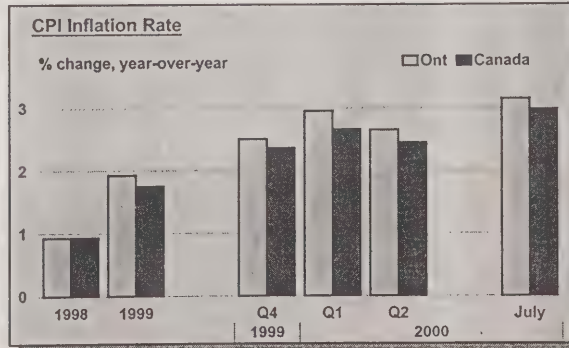
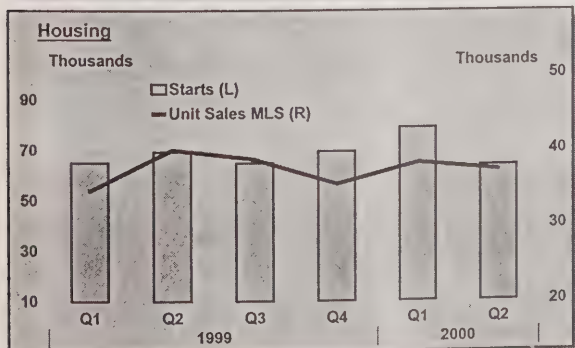
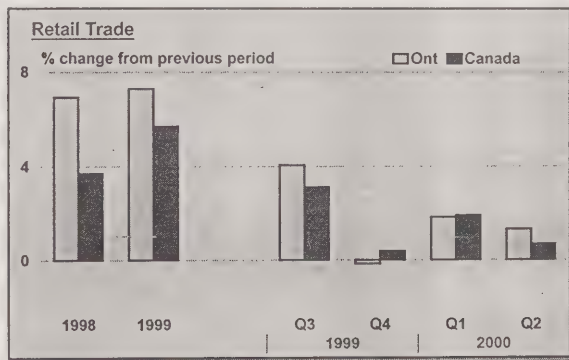
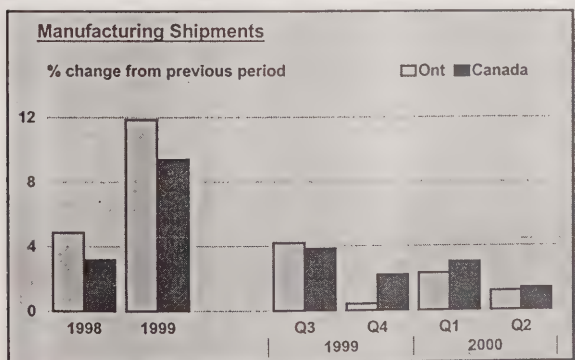
- Manufacturing shipments rose 1.2% in the second quarter as manufacturers of electrical and electronic products, aircraft and aircraft parts, and furniture recorded strong growth. However, shipments of transportation equipment fell as motor vehicle output decreased for a third consecutive quarter.

... while retailing and housing activity slows

- Retail sales in Ontario advanced 1.3% in the second quarter, ahead of the national increase but down from the 1.8% gain in the previous quarter. This reflected the slowdown in employment growth.
- The housing sector was also less vigorous in the second quarter. Housing starts fell from the near 10-year-high level recorded in the previous quarter, in large part due to a strike by cement truckers in Southern Ontario. However, home resales also declined slightly to 37 200 units.

Prices rise at a slower pace in the second quarter

- After reaching the 3% mark in the first quarter, Ontario's CPI inflation averaged 2.6% in the second quarter as prices of major components increased at a slower pace on a year-over-year basis. However, inflation rose to 3.1% in July, spurred by higher gasoline prices.





Quebec



Labour Markets

Job creation remains subdued in the second quarter...

- Employment grew 0.5% in the second quarter, a rate similar to that of the previous quarter. Job creation was concentrated in the service sector where the leading sources of growth were trade, business services, and finance, insurance & real estate. Employment in goods-producing industries fell 0.7%, as gains in construction and primary were more than offset by losses in manufacturing industries.
- Employment declined by 0.2% in July, led by important losses in the manufacturing industry, and the health care and social assistance sector.

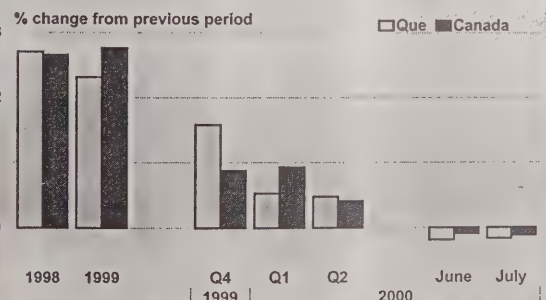
... leading to a higher unemployment rate

- After falling to the lowest rate observed since 1976 over the two previous quarters, Quebec's unemployment rate increased 0.2 percentage points to 8.6% in the second quarter.
- With the national rate declining slightly, the gap between the national average and Quebec unemployment rate reached nearly 2 percentage points in the second quarter.

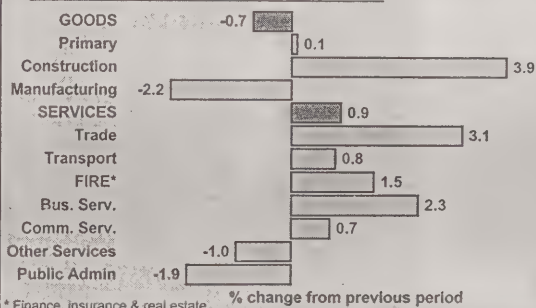
Growth in wages and salaries accelerates

- Growth in wages and salaries accelerated for the third consecutive quarter, reaching 11.4%, the biggest quarterly gain since the late 1980s. Pay equity payments by the federal government largely explain the surge in income in the second quarter.

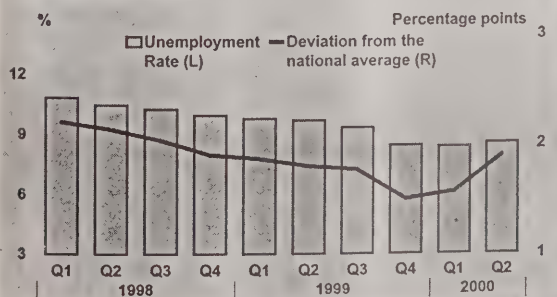
Employment Growth



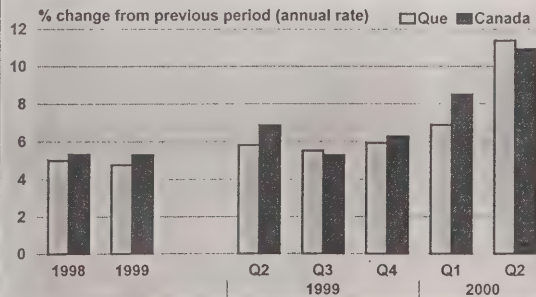
Employment Growth by Industry: 2000Q2



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Industrial activity continues to advance in the second quarter...

- Manufacturers' shipments increased 2.9% in the second quarter, building on even stronger gains in the three previous quarters. Electrical and electronic products industries were the main contributors to this advance, posting an increase of 17%. Activity was also particularly vigorous in chemical products, refined petroleum and coal products as well as in the printing and publishing industries.

...while consumer spending slows ...

- Despite a high level of consumer confidence in the second quarter, retail sales edged down. This was the first decline in four quarters.
- After reaching a record high in the first quarter, home resales declined in the second quarter. Housing starts also lost momentum and fell to their lowest level in six quarters.

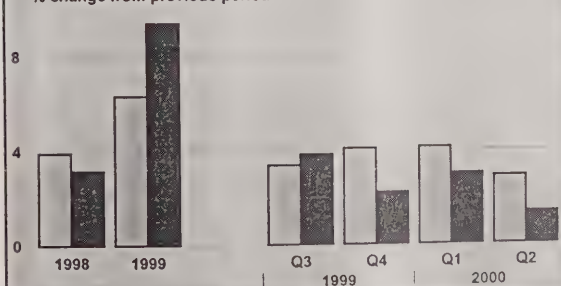
... and inflation moderates

- Consumer prices were up 2.2% in the second quarter on a year-over-year basis, down from 2.4% in the first quarter. All components of the CPI, except food and alcohol, grew at a slower pace in the second quarter. On a monthly basis, year-over-year inflation rose to 2.6% in July, owing largely to a 17.8% jump in energy prices.

Manufacturing Shipments

% change from previous period

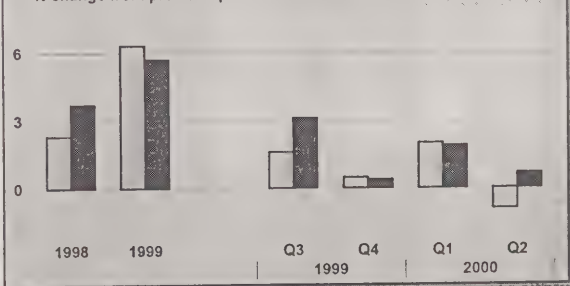
□ Que ■ Canada



Retail Trade

% change from previous period

□ Que ■ Canada

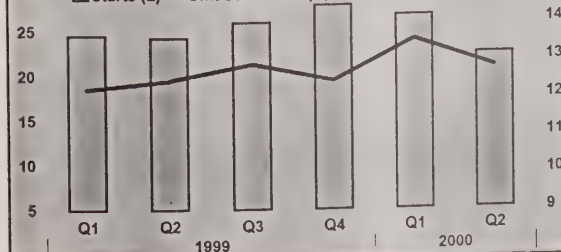


Housing

Thousands

Thousands

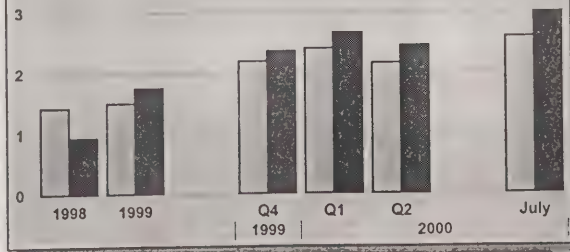
□ Starts (L) — Unit Sales MLS (R)



CPI Inflation Rate

% change, year-over-year

□ Que ■ Canada



A stylized map of Atlantic Canada, showing the provinces of New Brunswick, Nova Scotia, and Prince Edward Island, along with the Gulf of St. Lawrence and the Bay of Fundy. The map is rendered in a light gray tone against a darker background.

Atlantic Canada



Labour Markets

Job creation eases in the second quarter...

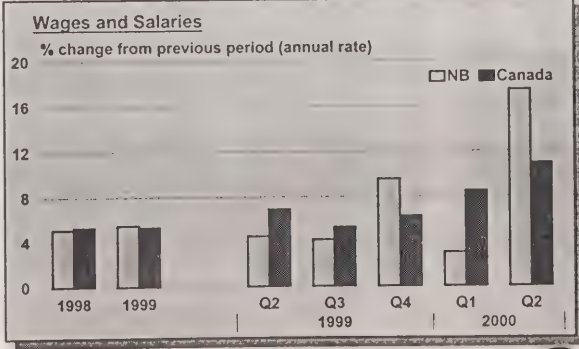
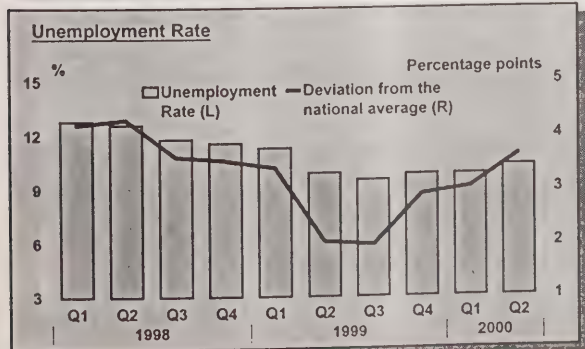
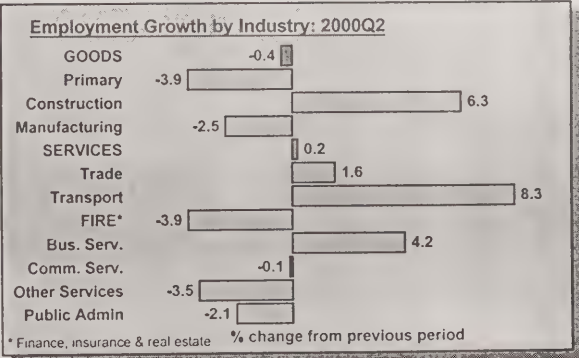
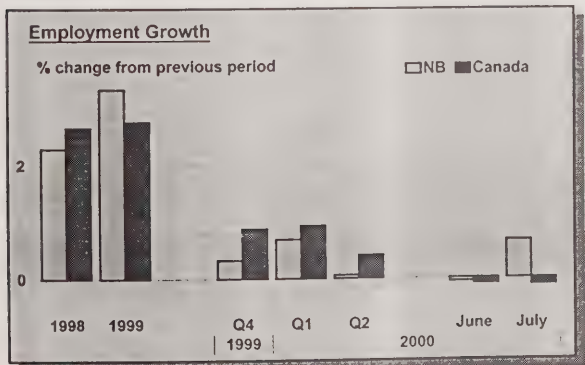
- Employment edged up 0.1% in the second quarter, the smallest increase in a year. Job creation was concentrated in the service sector, driven by large gains in transportation, business services and trade. In the goods-producing sector, strong employment growth in construction was more than offset by losses in primary and manufacturing industries.
- Rebounding from a weak second quarter, New Brunswick recorded the largest employment growth among all provinces in July. All the new jobs created were full-time, while part-time employment declined slightly.

...pushing the unemployment rate up

- The unemployment rate increased 0.5 percentage points to 10.3% in the second quarter, as the small employment gains were more than offset by a rising labour force.
- With the national unemployment rate edging down to 6.7% in the second quarter, New Brunswick's unemployment rate rose to 3.6 percentage points above the national average.

Wages and salaries boosted by federal pay equity payments

- Boosted by pay equity payments, wages and salaries recorded their largest advance in 19 years, increasing 17% in the second quarter, a rate well above the national average.





Economic Activity and Prices

Growth of manufacturing activity weakens in the second quarter...

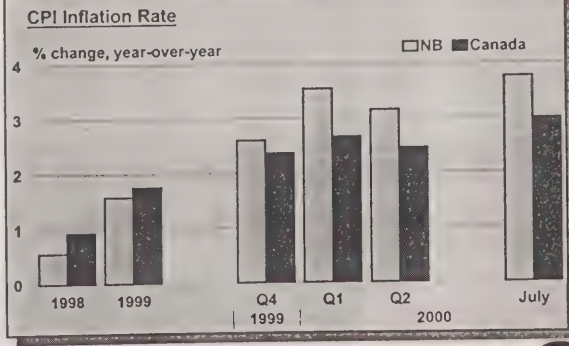
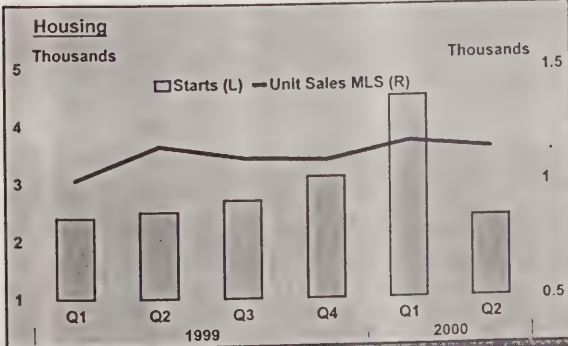
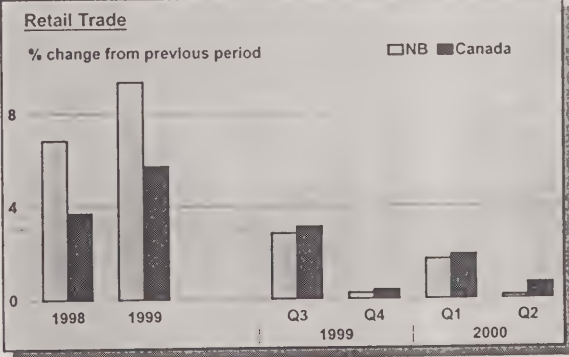
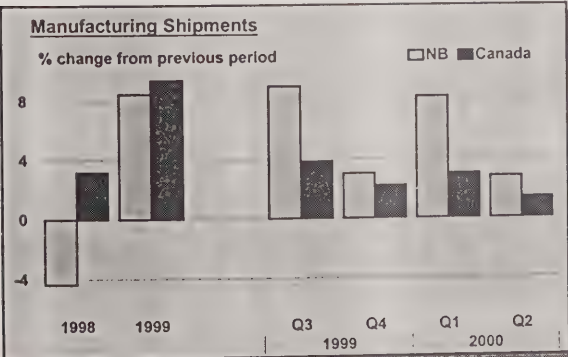
- Manufacturing shipments recorded their fifth consecutive advance in the second quarter of 2000, mostly as a result of higher production of non-durable goods, such as food products, paper, printing and publishing.

...while household spending cools down

- Retailers in New Brunswick posted little advance in sales in the second quarter, as a slowdown in employment growth restrained consumer spending.
- Housing demand also eased in the second quarter. Residential construction fell after the level of activity reached a five-year-high in the first quarter, while existing home sales declined slightly.

Inflation rises above 3% for the second consecutive quarter

- The CPI inflation rate stood at 3.1% in the second quarter. Higher prices for transportation and shelter pushed inflation over the 3% mark for a second consecutive quarter, although the increase was dampened by lower prices for clothing. In July, the year-over-year inflation rate soared to 3.8%, a rate well above the national average, again mostly as a result of higher prices for transportation and shelter.





Labour Markets

Employment growth slows in the second quarter...

- Employment growth in Nova Scotia slowed in the second quarter, pulled down by job losses in June. Although job creation continues to exceed the national average, employment trends have been less favorable in recent months.
- Employment fell in the goods sector in the second quarter as losses in the primary and manufacturing categories offset strong growth in construction. In the services sector, overall employment growth was modest as strong employment growth in business and community services was countered by near zero growth in trade, transport and finance, insurance & real estate.

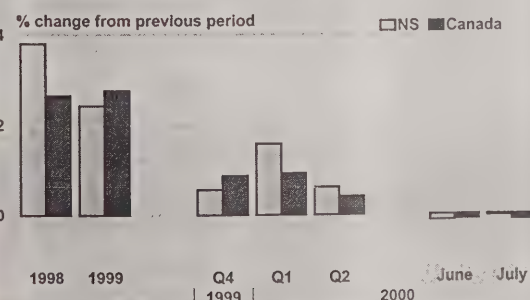
...but the unemployment rate falls...

- Employment gains accompanied by a decline in the number of people seeking work lowered the unemployment rate to 8.3%. Nova Scotia's unemployment rate was 1.6 percentage points below the national average. This compares to a gap of 2.6 points in the first quarter.
- In July, the unemployment rate in Nova Scotia was back up to 9.2%, in large part due to a rising labour force. Employment was virtually unchanged with gains in goods industries offsetting losses in services.

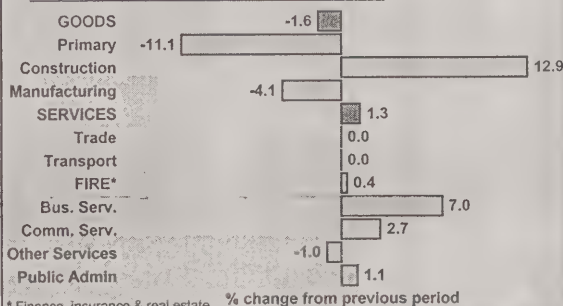
...and earnings soar

- The growth in wages and salaries jumped to 12.1%, outpacing the national average. The granting of federal pay equity payments played a major role in the increase.

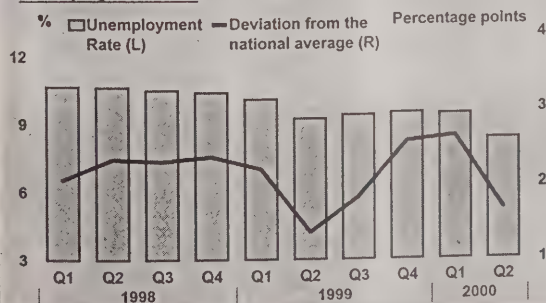
Employment Growth



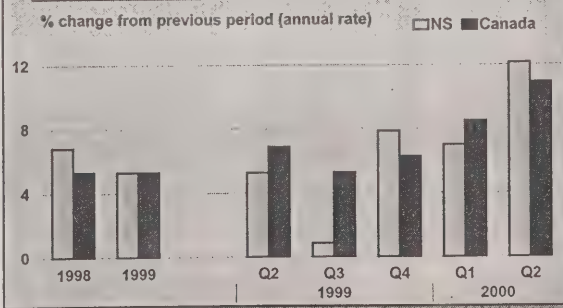
Employment Growth by Industry: 2000Q2



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Industrial activity recovers slightly in the second quarter...

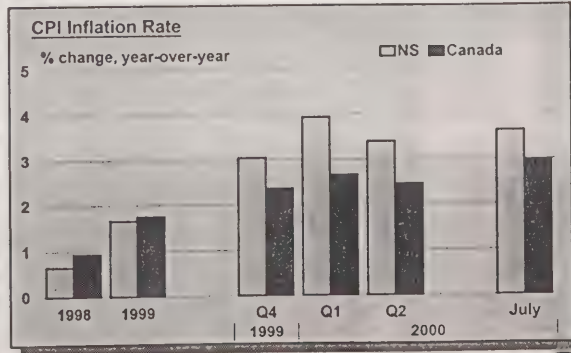
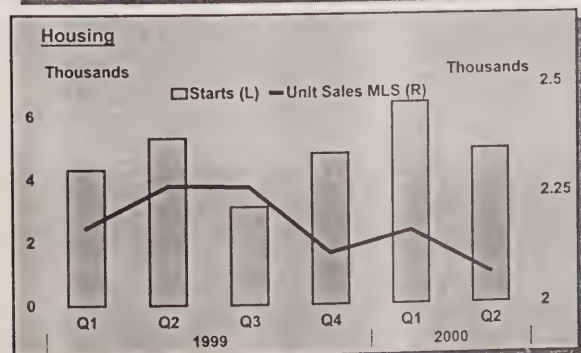
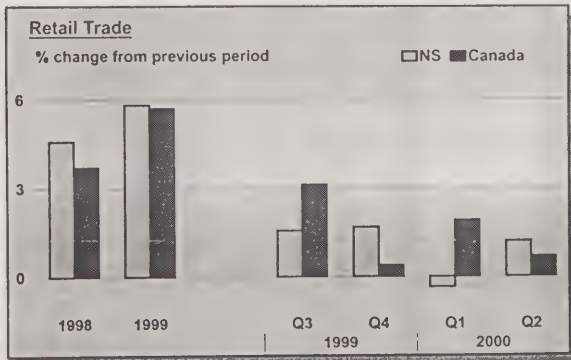
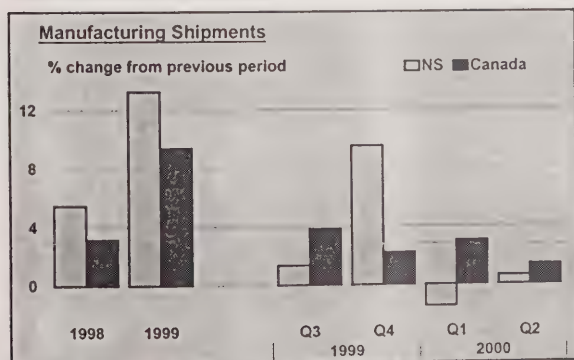
- Manufacturing shipments made a modest recovery due largely to higher shipments of food, chemical, and non-metallic products. These gains offset downward pressure from lower shipments of textiles, transportation equipment, and other durables.

...while consumers remain ambivalent...

- Retail trade recovered from an earlier loss in the second quarter, posting growth above the national average.
- The housing sector moved in the opposite direction, however, with both housing starts and sales of existing homes dropping sharply following a strong performance in the first quarter.

...and inflation remains high

- The inflation rate in Nova Scotia declined to 3.4%, but remained well above the national rate, as it has for the previous three quarters. With the exception of clothing, all major components recorded price increases on a year-over-year basis. Inflation rose to 3.6% in July.





Labour Markets

Employment growth is down sharply in the second quarter...

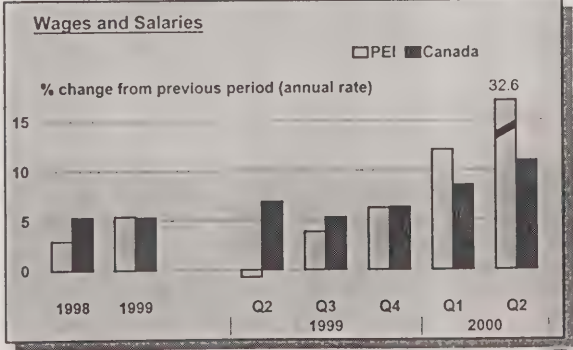
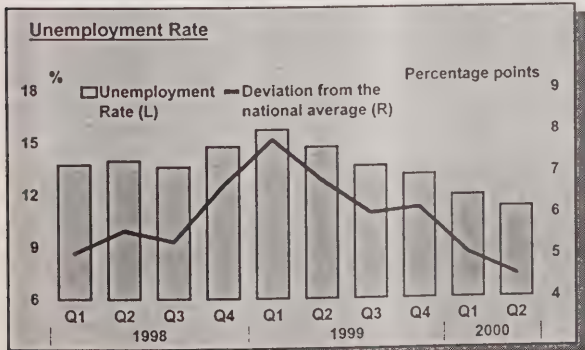
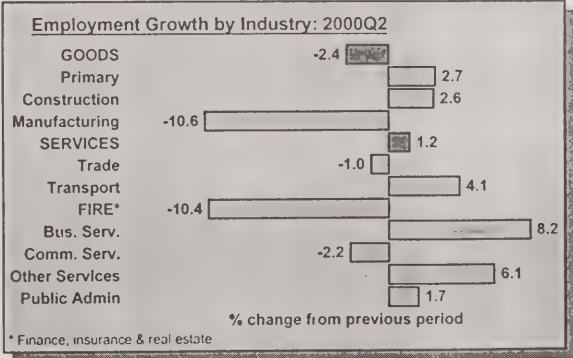
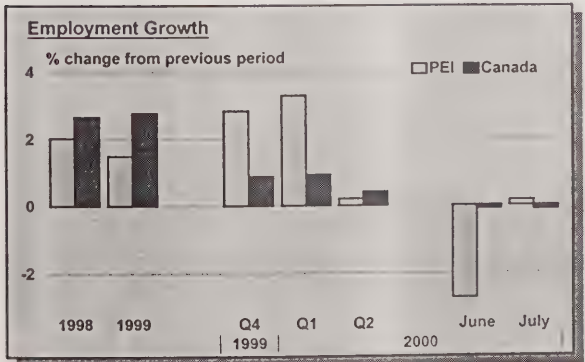
- PEI experienced a sharp drop of employment growth in the second quarter, as significant job losses in June offset gains in April and May. Employment growth resumed in July.
- The second quarter setback originated largely in the goods sector, where important losses in manufacturing more than offset smaller gains in the primary and construction industries. In the service sector, major job losses in finance, insurance & real estate were more than offset by healthy gains in industries such as business, other services, and transportation.

...but the unemployment rate continues to fall...

- The slowdown in employment growth was accompanied by a decline of the labour force, which dropped the unemployment rate down to 11.2%, the lowest since 1981.
- This recent drop in PEI's unemployment rate brought it down to 4.5 percentage points above the national average. This is the lowest differential since 1988.

...while earning growth surges

- Growth in wages and salaries rose well above the national average in the second quarter, reflecting pay equity payments by the federal government.





Prince Edward Island

Economic Activity and Prices

Industrial growth remains negative in the second quarter...

- Growth in manufacturing shipments fell in the second quarter, but to a lesser degree than the previous quarter. The second quarter setback was attributed to losses in several industries - most notably paper, wood, machinery, and transportation equipment.

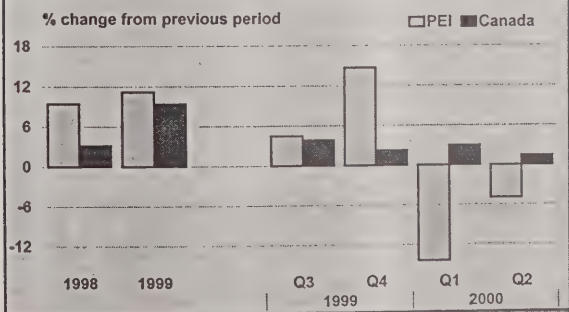
...but consumer spending picks up...

- Consumer spending rose modestly in the second quarter, picking up from a slow first quarter start and outpacing the national average.
- Housing starts rose in the second quarter, while sales of existing homes were virtually unchanged from their previous level.

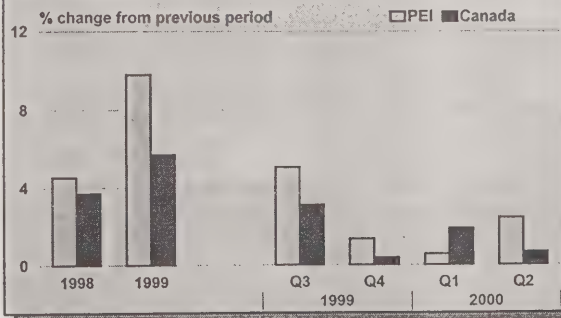
...and inflation soars.

- Inflation increased sharply to 4.5% in the second quarter, significantly above the national average for the third consecutive quarter. Prices increased at a faster pace in all major categories.
- The upward momentum in prices carried over into the next quarter, pushing inflation to 4.7% in July, well above the national average. The differential was caused primarily by increased costs for shelter, which rose almost 6 percentage points faster in PEI than for Canada as a whole.

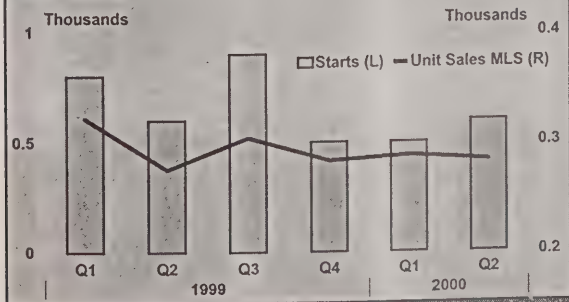
Manufacturing Shipments



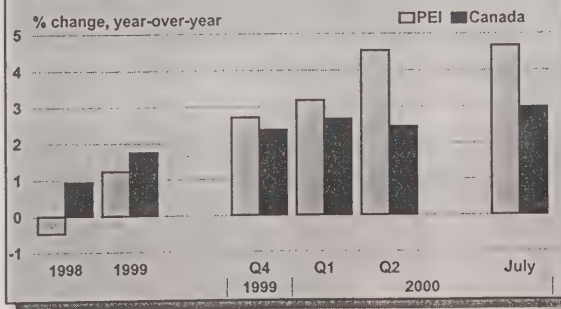
Retail Trade



Housing



CPI Inflation Rate





Labour Markets

Employment growth resumes in the second quarter...

- Employment in Newfoundland increased by 1.0% in the second quarter, only partly reversing a major setback in the previous quarter. The second quarter recovery was evident in the service sector with healthy jobs gains in business services, transportation, other services and finance, insurance & real estate. In the goods sector, strong job gains in the manufacturing and primary industries offset weakness in construction.
- Although there was a slight improvement in the second quarter, employment fell in both June and July.

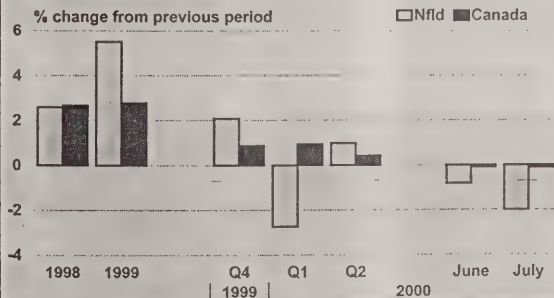
...pushing the unemployment rate down

- The unemployment rate fell to 16.1%, as a result of the recovery in employment and a decline in the labour force. Newfoundland's unemployment rate gap was 9.4 percentage points above the national average, down from 11 points in the first quarter.

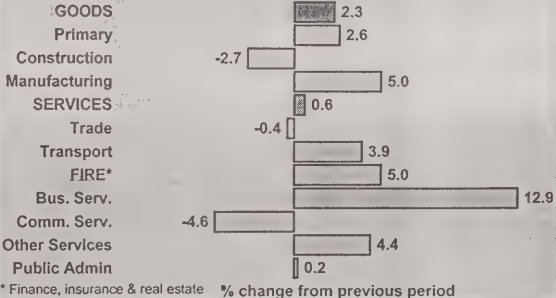
Earnings growth is boosted by federal pay equity payments

- Growth in wages and salaries soared to almost twice the national average in the second quarter. This was the result of the modest rebound in employment coupled with federal pay equity payments. The effects of these payments are felt most strongly in provinces like Newfoundland, where the public service accounts for a larger share of employment.

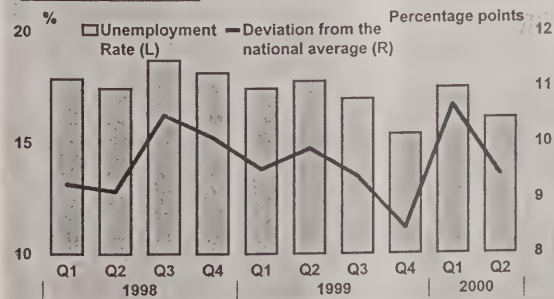
Employment Growth



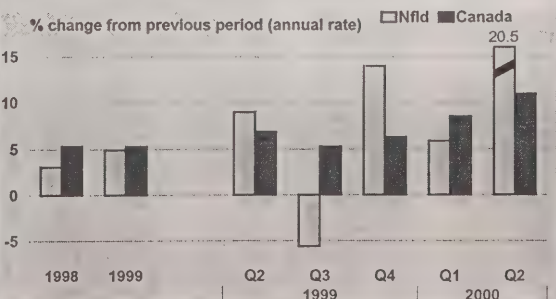
Employment Growth by Industry: 2000Q2



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Industrial activity increases sharply in the second quarter...

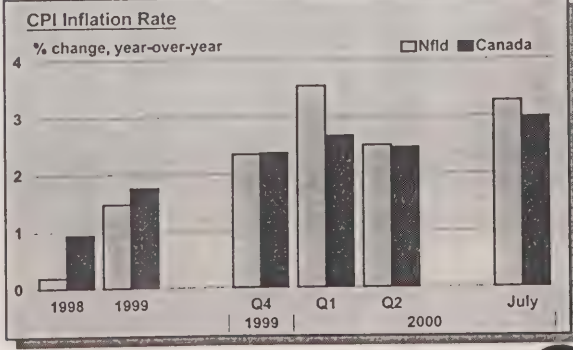
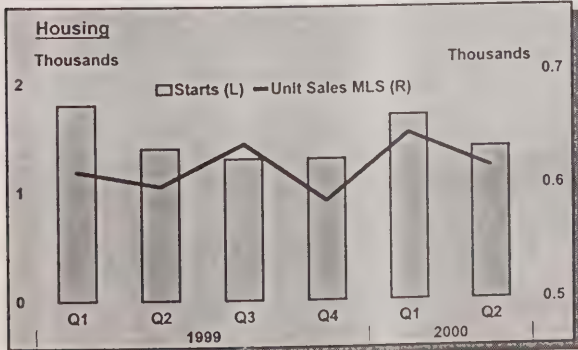
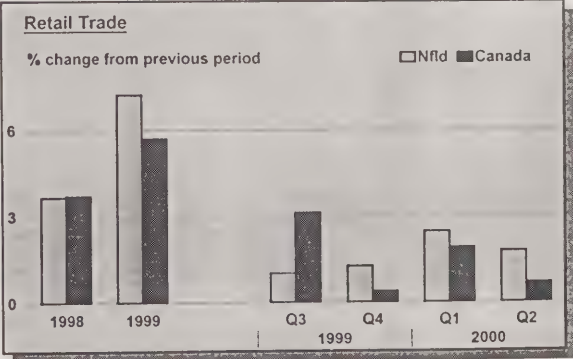
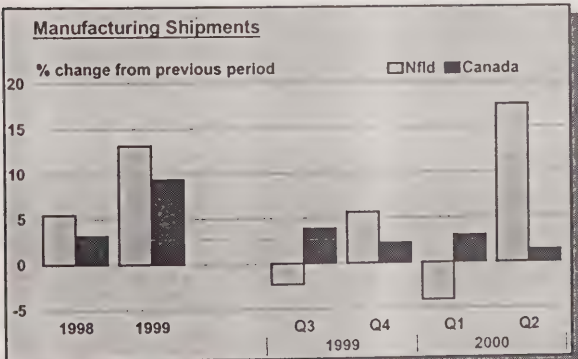
- Manufacturing shipments recorded a strong recovery in the second quarter, boosted by solid increases in the food and machinery industries. Printing and chemical products also posted gains.

...while consumer spending slows...

- Retail sales rose 1.8% in the second quarter, down from the 2.5% increase observed in the first quarter. Newfoundland's retail spending continues to outpace the national average, buoyed by strong employment gains during the past year and a half.
- After experiencing a healthy rise in the first quarter, the housing sector retreated in the second quarter as both housing starts and sales of existing homes fell.

...along with price inflation

- In spite of surging energy prices, Newfoundland's inflation rate fell to 2.5% in the second quarter, a rate just slightly above the national average. Major contributors to the lower inflation were falling prices for food and clothing. However, recent figures from July point to higher inflation in the next quarter.





Territories

A word of caution:

Data for the Territories are less reliable than for the Provinces because of the small size of the samples. They are, therefore, subject to large revisions.

Territories

Economic Activity and Prices

Employment conditions are mixed...

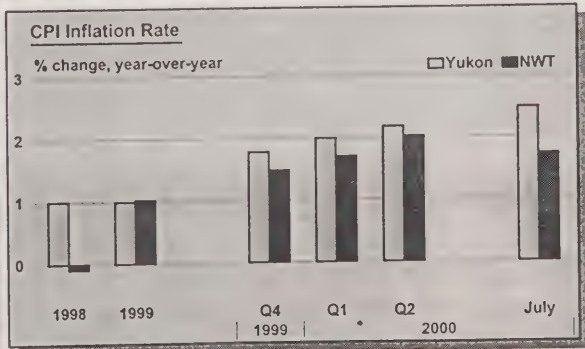
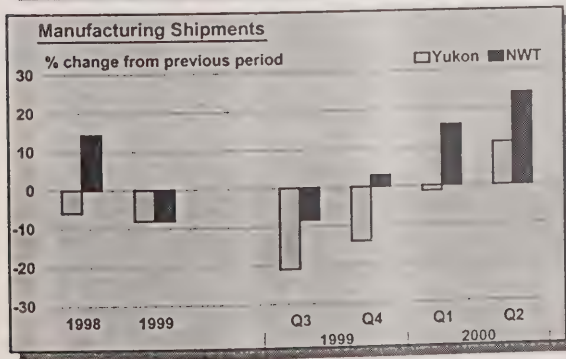
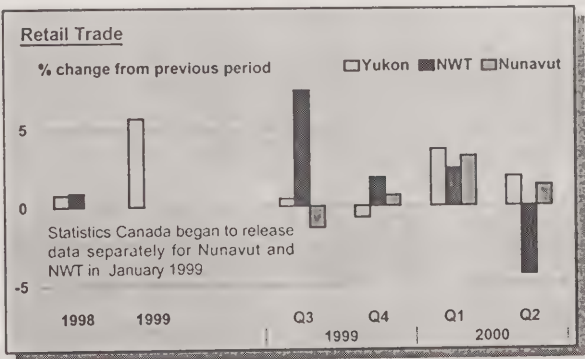
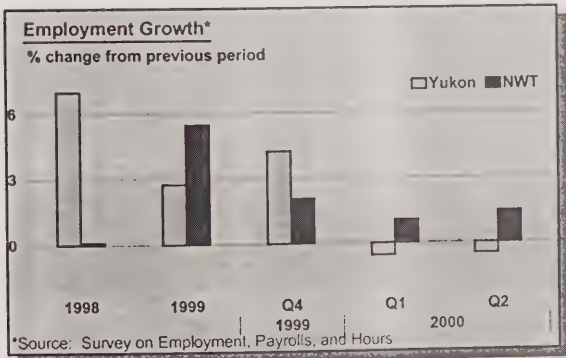
- Employment rose further in the Northwest Territories in the second quarter. Gains were recorded in both goods and services-producing industries.
- However, employment edged down in Yukon for a second consecutive quarter, as gains in services were more than offset by losses in goods-producing industries.

...while manufacturing shipments surge

- Industrial activity in the territories surged in the second quarter with the Northwest Territories registering the highest growth.
- Household expenditures were up 1.9% in Yukon and 1.3% in Nunavut in the second quarter, while they fell 4.4% in the Northwest Territories in the second quarter.

Inflation increases

- Inflation averaged 2% in the second quarter. In July, the CPI inflation rate was 2.5% for Yukon and 1.7% for Northwest Territories.





STATISTICAL APPENDIX

Key Provincial Data

	1998	1999	2000Q1	2000Q2	June 2000	July 2000
BRITISH COLUMBIA						
Mfg Shipments (\$M)	33,890.2	37,034.0	9,986.6	9,728.2	3,238.2	N/A
% change (1)	-2.0	9.3	3.0	-2.6	-0.6	N/A
Retail Trade (\$M)	33,044.9	33,672.2	8,721.8	8,779.9	2,960.3	N/A
% change	-2.0	1.9	1.7	0.7	2.1	N/A
Housing Starts (000's)	19.9	16.3	13.3	15.3	14.4	14.0
Labour Force (000's)	2,051.2	2,079.1	2,093.3	2,089.4	2,092.4	2,076.5
% change	0.5	1.4	0.7	-0.2	-0.1	-0.8
Employment (000's)	1,870.2	1,906.4	1,944.5	1,947.5	1,951.5	1,929.0
% change	0.1	1.9	1.5	0.2	-0.1	-1.2
Unemployment Rate (%)	8.8	8.3	7.1	6.8	6.7	7.1
Participation Rate (%)	64.9	65.1	65.0	64.7	64.7	64.1
CPI Inflation	-0.3	1.1	1.4	1.4	1.5	2.0
ALBERTA						
Mfg Shipments (\$M)	33,409.0	35,273.6	10,000.8	10,146.2	3,468.3	N/A
% change (1)	-3.6	5.6	4.4	1.5	0.0	N/A
Retail Trade (\$M)	28,064.9	29,323.9	7,760.0	7,894.0	2,647.7	N/A
% change	4.2	4.5	2.4	1.7	1.1	N/A
Housing Starts (000's)	27.1	25.4	26.1	26.0	24.3	24.3
Labour Force (000's)	1,605.1	1,647.9	1,666.8	1,669.3	1,668.6	1,657.1
% change	3.7	2.7	0.8	0.1	-0.1	-0.7
Employment (000's)	1,515.4	1,553.3	1,583.2	1,586.7	1,585.3	1,571.4
% change	3.9	2.5	1.2	0.2	-0.4	-0.9
Unemployment Rate (%)	5.6	5.7	5.0	4.9	5.0	5.2
Participation Rate (%)	72.5	72.6	72.6	72.3	72.1	71.5
CPI Inflation	1.1	2.4	3.0	3.3	3.4	4.0
SASKATCHEWAN						
Mfg Shipments (\$M)	5,895.5	6,123.0	1,738.9	1,755.1	590.9	N/A
% change (1)	-3.8	3.9	6.7	0.9	1.2	N/A
Retail Trade (\$M)	7,621.5	7,734.6	2,011.4	2,021.0	679.5	N/A
% change	0.0	1.5	2.5	0.5	0.4	N/A
Housing Starts (000's)	3.0	3.1	2.4	2.7	3.2	2.7
Labour Force (000's)	505.3	511.0	514.5	514.1	514.1	510.9
% change	1.2	1.1	0.5	-0.1	-0.3	-0.6
Employment (000's)	476.3	480.1	489.9	487.8	485.5	483.8
% change	1.3	0.8	1.3	-0.4	-0.9	-0.4
Unemployment Rate (%)	5.7	6.1	4.8	5.1	5.6	5.3
Participation Rate (%)	66.6	67.0	67.4	67.3	67.3	66.9
CPI Inflation	1.4	1.7	1.9	2.3	2.6	3.0
MANITOBA						
Mfg Shipments (\$M)	10,613.2	10,365.4	2,636.0	2,634.0	872.7	N/A
% change (1)	6.1	-2.3	2.9	-0.1	-1.6	N/A
Retail Trade (\$M)	8,771.6	9,023.5	2,325.5	2,330.1	778.2	N/A
% change	2.1	2.9	2.4	0.2	-0.3	N/A
Housing Starts (000's)	2.9	3.1	2.3	2.8	2.8	2.6
Labour Force (000's)	566.8	574.8	581.3	582.5	581.0	583.9
% change	0.9	1.4	0.9	0.2	-0.1	0.5
Employment (000's)	535.7	542.7	550.0	555.2	555.3	554.3
% change	1.9	1.3	0.8	0.9	0.1	-0.2
Unemployment Rate (%)	5.5	5.6	5.4	4.7	4.4	5.1
Participation Rate (%)	67.0	67.5	67.9	67.9	67.7	67.9
CPI Inflation	1.3	1.9	2.6	2.2	2.3	2.6

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Key Provincial Data

	1998	1999	2000Q1	2000Q2	June 2000	July 2000
ONTARIO						
Mfg Shipments (\$M)	240,016.0	268,447.9	70,611.5	71,451.7	24,324.1	N/A
% change (1)	4.8	11.8	2.3	1.2	1.7	N/A
Retail Trade (\$M)	92,411.9	99,149.8	25,830.2	26,168.1	8,783.8	N/A
% change	6.9	7.3	1.8	1.3	0.2	N/A
Housing Starts (000's)	53.8	67.2	78.8	63.6	60.5	84.4
Labour Force (000's)	5,914.3	6,070.8	6,159.0	6,177.0	6,180.9	6,203.5
% change	1.9	2.6	0.9	0.3	0.1	0.4
Employment (000's)	5,490.0	5,688.1	5,810.6	5,840.0	5,846.7	5,876.1
% change	3.3	3.6	1.0	0.5	0.1	0.5
Unemployment Rate (%)	7.2	6.3	5.7	5.5	5.4	5.3
Participation Rate (%)	66.0	66.6	66.9	66.8	66.7	66.8
CPI Inflation	0.9	1.9	3.0	2.6	3.2	3.1
QUEBEC						
Mfg Shipments (\$M)	107,331.7	114,110.1	31,113.7	32,012.3	10,733.1	N/A
% change (1)	3.9	6.3	4.1	2.9	-1.3	N/A
Retail Trade (\$M)	57,157.8	60,766.1	15,669.2	15,527.4	5,206.5	N/A
% change	2.3	6.3	2.0	-0.9	1.1	N/A
Housing Starts (000's)	23.1	25.7	26.7	22.4	21.2	27.2
Labour Force (000's)	3,660.2	3,701.6	3,740.8	3,767.5	3,762.5	3,771.8
% change	1.5	1.1	0.4	0.7	-0.3	0.2
Employment (000's)	3,281.5	3,357.4	3,428.2	3,444.6	3,446.1	3,440.4
% change	2.7	2.3	0.5	0.5	-0.2	-0.2
Unemployment Rate (%)	10.3	9.3	8.4	8.6	8.4	8.8
Participation Rate (%)	62.6	62.8	63.2	63.5	63.4	63.5
CPI Inflation	1.4	1.5	2.4	2.2	2.8	2.6
NEW BRUNSWICK						
Mfg Shipments (\$M)	8,078.6	8,762.1	2,567.8	2,639.4	893.9	N/A
% change (1)	-4.4	8.5	8.2	2.8	5.3	N/A
Retail Trade (\$M)	6,042.5	6,607.6	1,716.1	1,718.3	573.4	N/A
% change	6.8	9.4	1.7	0.1	0.2	N/A
Housing Starts (000's)	2.4	2.8	4.5	2.4	2.2	2.6
Labour Force (000's)	361.9	365.7	367.8	370.1	368.8	371.5
% change	1.7	1.1	0.7	0.6	-0.1	0.7
Employment (000's)	317.8	328.4	331.7	331.9	331.2	333.4
% change	2.3	3.3	0.7	0.1	-0.1	0.7
Unemployment Rate (%)	12.2	10.2	9.8	10.3	10.2	10.3
Participation Rate (%)	60.7	61.0	61.1	61.3	61.1	61.5
CPI Inflation	0.6	1.6	3.5	3.1	3.7	3.8
NOVA SCOTIA						
Mfg Shipments (\$M)	6,829.4	7,732.2	2,092.6	2,105.4	715.1	N/A
% change (1)	5.5	13.2	-1.5	0.6	0.3	N/A
Retail Trade (\$M)	7,710.8	8,159.6	2,078.0	2,102.5	711.2	N/A
% change	4.6	5.8	-0.4	1.2	2.4	N/A
Housing Starts (000's)	3.1	4.3	6.4	4.9	4.6	5.4
Labour Force (000's)	445.9	452.0	462.0	459.4	458.5	462.2
% change	1.9	1.4	1.5	-0.6	0.2	0.8
Employment (000's)	398.9	408.6	418.5	421.0	419.8	419.7
% change	3.8	2.4	1.6	0.6	-0.1	0.0
Unemployment Rate (%)	10.5	9.6	9.4	8.3	8.4	9.2
Participation Rate (%)	60.7	61.0	62.0	61.5	61.3	61.8
CPI Inflation	0.6	1.7	3.9	3.4	3.8	3.6

(1) % change refers to period-to-period except for CPI Inflation which is year-over-year.

Key Provincial Data

	1998	1999	2000Q1	2000Q2	June 2000	July 2000
PRINCE EDWARD ISLAND						
Mfg Shipments (\$M)	882.6	981.0	241.6	229.7	77.7	N/A
% change (1)	9.4	11.2	-14.5	-4.9	3.7	N/A
Retail Trade (\$M)	1,053.7	1,156.9	303.1	310.5	103.1	N/A
% change	4.5	9.8	0.6	2.4	0.2	N/A
Housing Starts (000's)	0.5	0.6	0.5	0.6	0.7	0.6
Labour Force (000's)	70.1	71.6	73.6	73.3	72.2	72.9
% change	0.1	2.1	1.7	-0.5	-1.5	1.0
Employment (000's)	60.4	61.3	64.9	65.0	63.8	63.9
% change	2.0	1.5	3.3	0.2	-2.7	0.2
Unemployment Rate (%)	13.8	14.4	11.9	11.2	11.5	12.3
Participation Rate (%)	65.7	66.4	67.6	67.1	66.0	66.5
CPI Inflation	-0.5	1.2	3.2	4.5	4.8	4.7
NEWFOUNDLAND						
Mfg Shipments (\$M)	1,750.1	1,748.0	500.6	588.2	217.2	N/A
% change (1)	5.4	-0.1	-4.1	17.5	12.2	N/A
Retail Trade (\$M)	3,938.5	3,954.2	1,099.3	1,118.8	374.6	N/A
% change	3.7	0.4	2.5	1.8	1.0	N/A
Housing Starts (000's)	1.5	1.4	1.7	1.4	1.1	1.8
Labour Force (000's)	237.0	246.7	247.6	245.9	243.1	240.2
% change	1.9	4.1	-0.3	-0.7	-1.6	-1.2
Employment (000's)	194.2	204.9	204.3	206.3	205.6	201.5
% change	2.6	5.5	-2.7	1.0	-0.8	-2.0
Unemployment Rate (%)	18.0	16.9	17.5	16.1	15.4	16.1
Participation Rate (%)	53.9	56.3	56.3	55.9	55.3	54.6
CPI Inflation	0.2	1.5	3.5	2.5	2.9	3.3
CANADA						
Mfg Shipments (\$M)	448,749.5	490,858.3	131,502.6	133,305.0	45,136.1	N/A
% change (1)	3.2	9.4	3.0	1.4	0.7	N/A
Retail Trade (\$M)	246,641.0	260,690.8	67,743.4	68,197.1	22,893.3	N/A
% change	3.7	5.7	1.9	0.7	0.8	N/A
Housing Starts (000's)	137.4	150.0	162.7	142.1	135.0	165.6
Labour Force (000's)	15,417.7	15,721.2	15,906.8	15,948.5	15,942.0	15,950.6
% change	1.7	2.0	0.8	0.3	-0.1	0.1
Employment (000's)	14,140.4	14,531.2	14,825.7	14,886.1	14,890.8	14,873.5
% change	2.7	2.8	0.9	0.4	-0.1	-0.1
Unemployment Rate (%)	8.3	7.6	6.8	6.7	6.6	6.8
Participation Rate (%)	65.1	65.6	65.8	65.8	65.7	65.6
CPI Inflation	0.9	1.7	2.7	2.4	2.9	3.0

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Provincial Economic Accounts

	1992	1993	1994	1995	1996	1997	1998
Real GDP at Market Prices (\$1992M)							
BC	87,066	90,543	93,355	95,370	97,788	99,467	99,708
% change		4.0	3.1	2.2	2.5	1.7	0.2
Alberta	74,748	79,792	84,622	87,161	89,040	95,547	98,630
% change		6.7	6.1	3.0	2.2	7.3	3.2
Sask	21,102	22,654	23,603	23,934	24,542	25,782	26,116
% change		7.4	4.2	1.4	2.5	5.1	1.3
Manitoba	24,420	24,468	25,298	25,445	25,990	26,955	27,842
% change		0.2	3.4	0.6	2.1	3.7	3.3
Ontario	285,101	288,164	305,223	316,581	321,562	335,616	350,083
% change		1.1	5.9	3.7	1.6	4.4	4.3
Quebec	158,357	160,897	167,241	170,366	172,826	178,611	183,223
% change		1.6	3.9	1.9	1.4	3.3	2.6
New Brunswick	14,029	14,358	14,643	15,071	15,320	15,427	15,782
% change		2.3	2.0	2.9	1.7	0.7	2.3
Nova Scotia	18,071	18,193	18,256	18,578	18,602	19,124	19,674
% change		0.7	0.3	1.8	0.1	2.8	2.9
PEI	2,331	2,370	2,492	2,629	2,667	2,680	2,706
% change		1.7	5.1	5.5	1.4	0.5	1.0
Nfld	9,550	9,668	10,126	10,348	10,007	10,154	10,785
% change		1.2	4.7	2.2	-3.3	1.5	6.2
Yukon	1,090	874	864	1,005	1,110	989	994
% change		-19.8	-1.1	16.3	10.4	-10.9	0.5
NWT	2,286	2,242	2,318	2,315	2,380	2,426	2,466
% change		-1.9	3.4	-0.1	2.8	1.9	1.6
Canada	698,544	714,583	748,350	769,082	782,130	813,031	838,265
% change		2.3	4.7	2.8	1.7	4.0	3.1

Population ('000s)

BC	3,470	3,572	3,682	3,784	3,882	3,961	4,003
% change		2.9	3.1	2.8	2.6	2.0	1.1
Alberta	2,634	2,671	2,705	2,740	2,781	2,838	2,910
% change		1.4	1.3	1.3	1.5	2.0	2.5
Sask	1,004	1,007	1,010	1,014	1,019	1,022	1,026
% change		0.3	0.3	0.4	0.5	0.3	0.4
Manitoba	1,113	1,118	1,124	1,130	1,134	1,136	1,138
% change		0.4	0.5	0.5	0.4	0.2	0.2
Ontario	10,572	10,689	10,827	10,964	11,101	11,263	11,413
% change		1.1	1.3	1.3	1.2	1.5	1.3
Quebec	7,114	7,165	7,207	7,241	7,274	7,308	7,335
% change		0.7	0.6	0.5	0.5	0.5	0.4
New Brunswick	748	750	751	752	753	754	753
% change		0.3	0.1	0.1	0.1	0.1	-0.1
Nova Scotia	919	924	926	928	931	935	936
% change		0.5	0.2	0.2	0.3	0.4	0.1
PEI	131	132	134	135	136	137	137
% change		0.8	1.5	0.7	0.7	0.7	0.0
Nfld	580	580	575	568	561	554	546
% change		0.0	-0.9	-1.2	-1.2	-1.2	-1.4
Yukon	30	31	30	31	32	32	32
% change		3.3	-3.2	3.3	3.2	0.0	0.0
NWT	62	64	65	67	68	68	68
% change		3.2	1.6	3.1	1.5	0.0	0.0
Canada	28,377	28,703	29,036	29,354	29,672	30,008	30,297
% change		1.1	1.2	1.1	1.1	1.1	1.0



Regional Economic Observer



Third Quarter, 2000



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The "Regional Economic Observer" (REO) provides a snapshot of provincial economic conditions in a convenient format. The REO does not interpret or evaluate government policies, and every attempt is made to present factual information in an informed and balanced manner consistent with generally accepted economic principles. This report uses data available as of November 30, 2000. It has been prepared by Eric Chalifoux, Anik Dufour, Arif Mahmud, Alison McDermott and Karen Smith under the direction of Raynald Létourneau and Shane Williamson. All information is taken from public sources, primarily Statistics Canada, the Bank of Canada, the Canada Mortgage and Housing Corporation, and the Canadian Real Estate Association. Please address comments to Raynald Létourneau at 613-996-0474 or through the Internet at letourneau.raynald@ic.gc.ca.

Highlights: Third Quarter, 2000

British Columbia

The B.C. economy slowed in the third quarter. Employment fell, with losses concentrated in the goods sector. Accordingly, the unemployment rate edged up, after falling to its lowest rate since 1981 in the second quarter. Weak demand conditions in North America for wood and lower production of transportation equipment contributed to lower manufacturing shipments, but rising confidence increased consumer spending.

Prairies

The Prairie economy showed mixed signs in the third quarter. Retailing activity rose across the three provinces after edging down in the previous quarter. Manufacturing also strengthened over the period. However, employment declined in Alberta and Saskatchewan, leading to higher unemployment rates in these provinces. The unemployment rate was also up in Manitoba, although employment grew modestly.

Ontario

The Ontario economy regained some strength in the third quarter. The important service-producing sector was responsible for most of the growth in employment. Growth in manufacturing shipments remained modest. Retail sales grew sharply, reflecting a rising level of consumer confidence since the beginning of the year. Housing starts rebounded following a weak second quarter when starts were affected by labour disputes in Southern Ontario.

Quebec

Economic activity in Quebec advanced at a slower pace in the third quarter. Growth in manufacturing shipments slowed further, although it remained above the national average. Housing starts recovered from their decline in the previous quarter and consumer spending rose strongly even though total employment was flat over the period.

Atlantic

The Atlantic economy showed some signs of a slowdown in the third quarter. Employment fell in all provinces except New Brunswick. This, combined with consumer prices rising at or above the 3% mark, kept confidence low and consumer spending in check. Housing activity was higher in most provinces. Shipments by manufacturers weakened in New Brunswick and Newfoundland but continued to improve in PEI and Nova Scotia.



British Columbia



Labour Markets

Employment falls in the third quarter...

- The labour market weakened further in the third quarter as employment in both the goods and services sector fell. Losses in the goods sector were concentrated in the primary and manufacturing industries, while gains in finance, insurance & real estate (FIRE), trade and business services were more than offset by falling employment in transportation and community services.
- All losses in the third quarter were incurred in July. Employment recovered in subsequent months, including a rise of 0.3% in October.

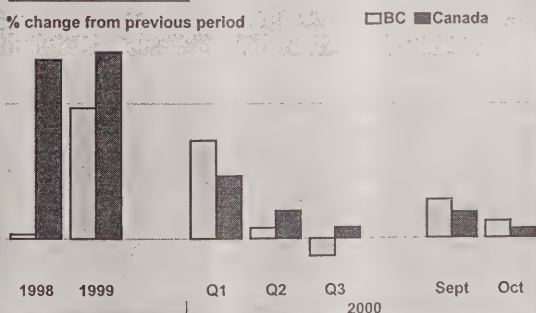
...pushing the unemployment rate up...

- The unemployment rate increased to 7.6% in the third quarter after falling in the second quarter to its lowest rate since 1981.
- Accordingly, the B.C. rate was 0.7 percentage points above the Canadian rate in the third quarter.

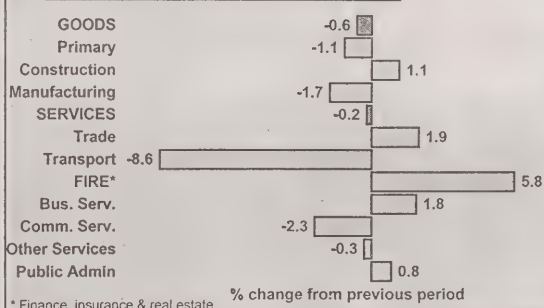
...and weakening income growth

- After strong increases in the previous three quarters, wage and salaries edged up 0.4% (annual rate) in the third quarter. Lower employment and average hourly earnings both contributed to the slower income growth.

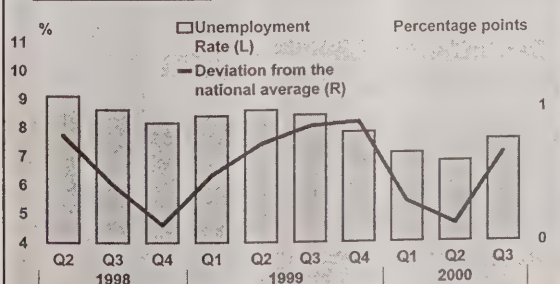
Employment Growth



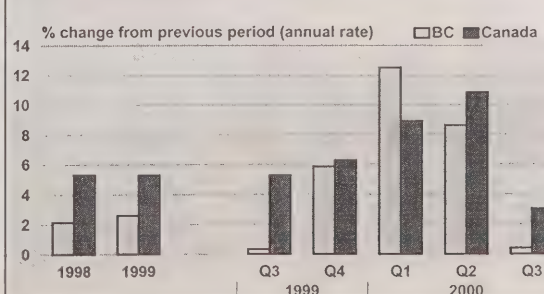
Employment Growth by Industry: 2000Q3



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Manufacturing activity weakens in the third quarter...

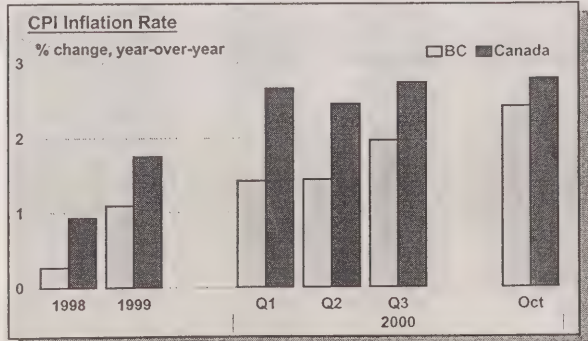
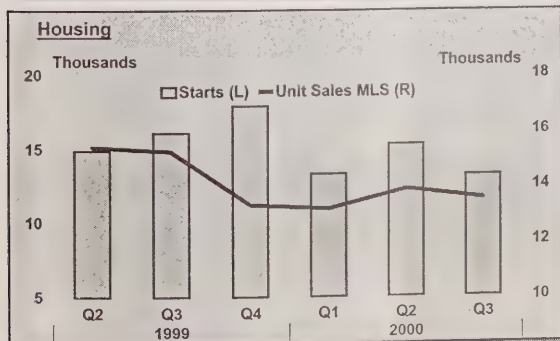
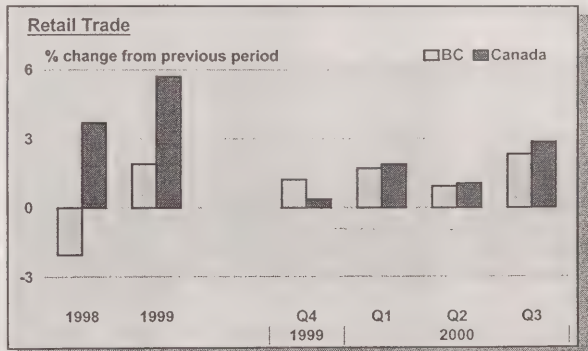
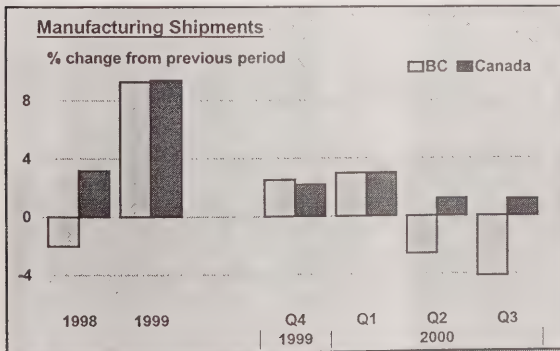
- Manufacturing shipments decreased 4.2% in the third quarter, mainly because of lower production in wood products and transportation equipment. Lumber producers had to curtail output to bring supply in line with weak demand conditions in the United States.

...while consumers remain ambivalent

- Retail sales rose further in the third quarter, led by the automotive sector, reflecting generous incentives and increasing confidence in economic prospects for the province.
- However, expenditures on housing eased for both new starts and home resales. The housing sector is still suffering from weak demand. Population growth has slowed in recent years, from a pace of about 3% in the mid-nineties to only 0.8% this year.

Inflation rate still below the national average

- Consumers paid 2.0% more for goods and services in the third quarter on a year-over-year basis, still the lowest increase among all provinces. Higher prices for transportation and shelter were the main contributors of the third quarter increase. Inflation stood at 2.4% in October, again mainly because of higher prices for transportation and shelter.







Labour Markets

Employment declines in the third quarter...

- Employment fell 0.5% in the third quarter, with losses concentrated in part-time jobs, largely in community services, business services and FIRE. Employment in the goods-producing industries edged up, driven by gains in the construction industry.
- On a monthly basis, employment rebounded in September and October, with gains occurring largely in FIRE, education, and the primary industries.

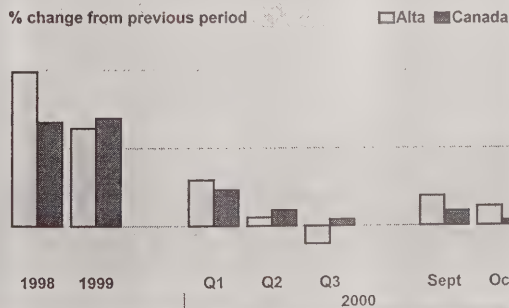
...and the unemployment drifts up

- The unemployment rate rose to 5.1% in the third quarter, but still remains among the lowest in Canada.
- With the slight increases in both the provincial and the national rates, Alberta's unemployment rate remained 1.8 percentage points below the national rate.

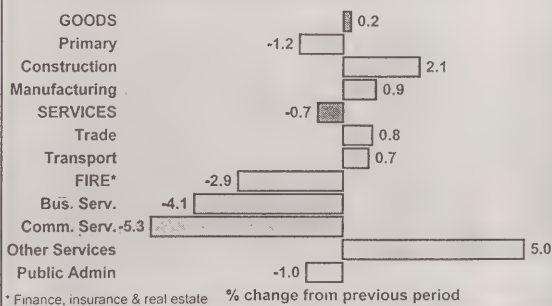
Income growth surpasses the Canadian average

- Wage and salary growth exceeded the Canadian average by almost 3 percentage points in the third quarter, reaching a growth rate of 5.8% (annual rate). Income growth was largely attributable to an increase in weekly hours worked.

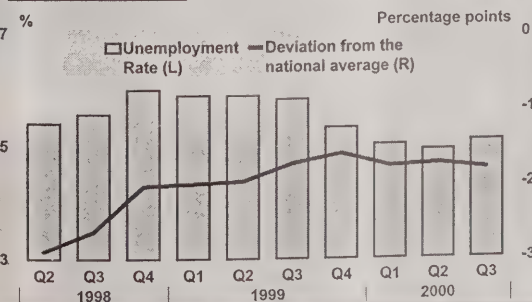
Employment Growth



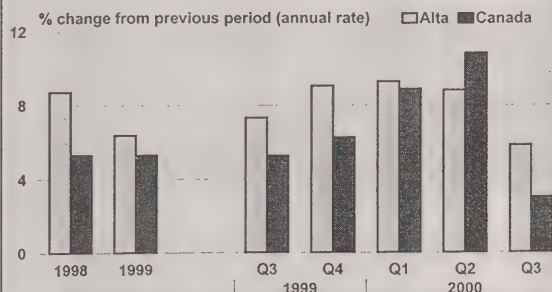
Employment Growth by Industry: 2000Q3



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Industrial production picks up...

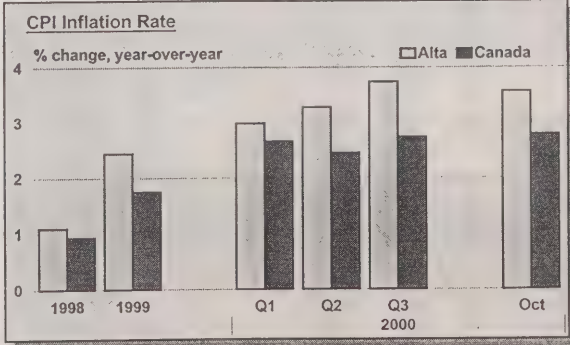
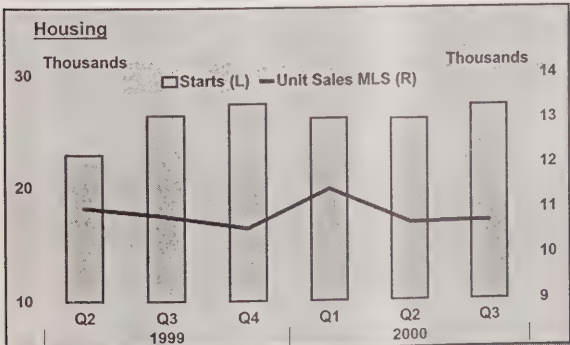
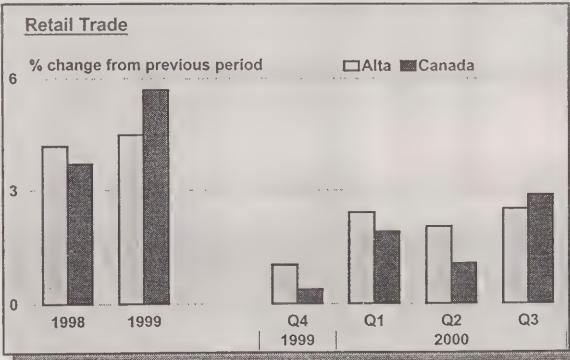
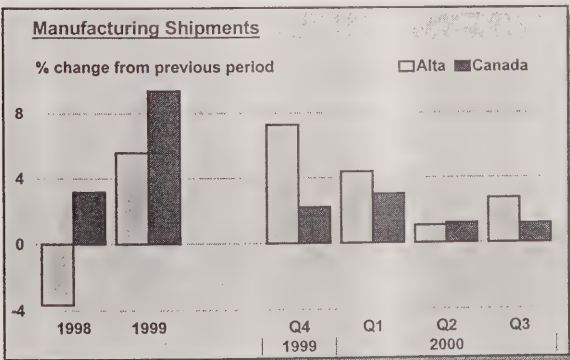
- Manufacturing shipments increased 2.7% in the third quarter, as shipments of machinery, electrical products, plastic, and petroleum products rose substantially.

...and household spending increases

- Retail sales rose by 2.5% in the third quarter, faster than the previous period, but still below the national average. The increase in retail sales was driven by higher expenditures on food, clothing and furniture.
- The housing market is buoyant in Alberta, with housing starts up 5.0% in the third quarter. On average, housing starts were higher by about 8% for the first nine months of the year compared with the same period in 1999.

Shelter and transportation costs boost inflation to 3.7%

- Alberta's inflation rate rose to 3.7% in the third quarter, on a year-over-year basis. Higher shelter and transportation costs were the main contributors to the third quarter increase. On a monthly basis, inflation stood at 3.6% in October, down from 3.7% in September.





Labour Markets

Employment falls in the third quarter...

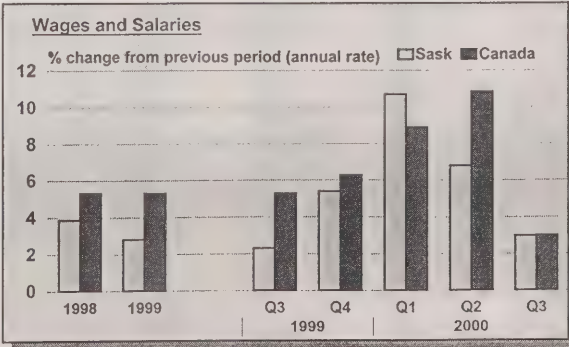
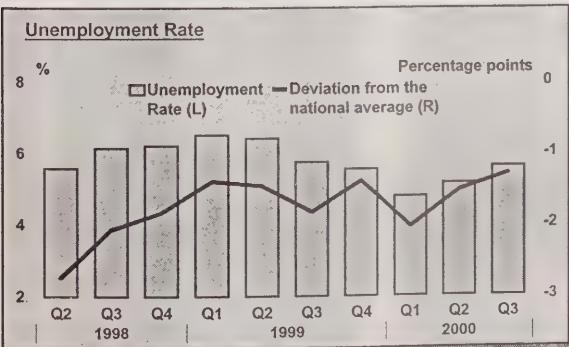
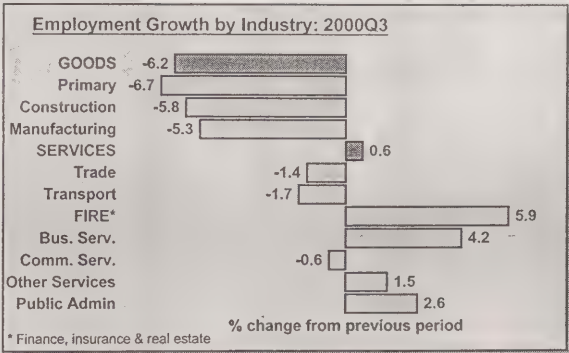
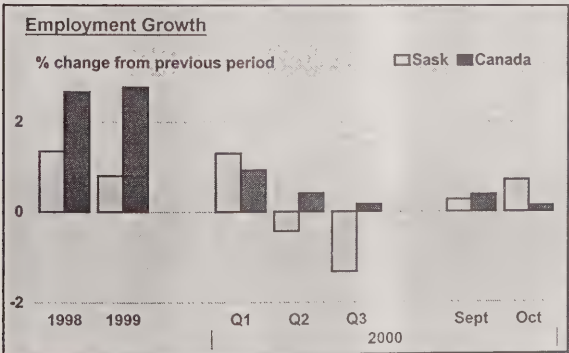
- Employment declined further in the third quarter, with full-time jobs accounting for all of the fall. Losses were concentrated in the goods sector where all major industries posted declines. Job gains in the service sector occurred mainly in FIRE and business services. On a monthly basis, employment rose 0.7% in October, with gains broadly based in service-producing industries.

...leading to a higher unemployment rate

- As a result of lower employment, the unemployment rate increased to 5.6% in the third quarter, up from 4.8% in the first quarter of 2000. The provincial unemployment rate was 1.3 percentage points below the national rate in the third quarter, compared to 2.0 points at the start of the year.

Income growth at par with the Canadian average

- Growth of wages and salaries slowed to 3.0% (annual rate), but was still at par with the Canadian average. The weakening of income growth can be related to lower employment as well as non-recurring federal pay equity payments that boosted provincial income in the previous quarter.
- However, farm cash receipts, which are not included in earnings, grew strongly in the first three quarters on a year-over-year basis (+6.0%). Higher payments under the new Canada-Saskatchewan Adjustment Program, designed to provide assistance to farmers during periods of low prices, accounted for most of the increase.





Economic Activity and Prices

Manufacturing activity weakens in the third quarter...

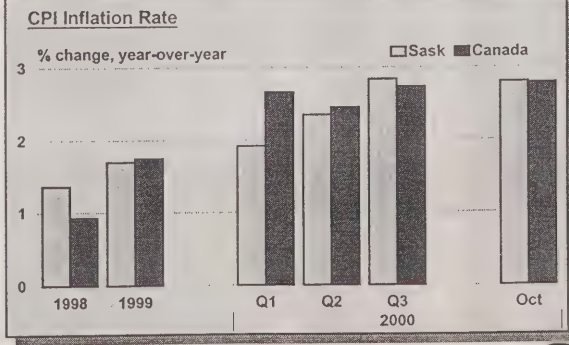
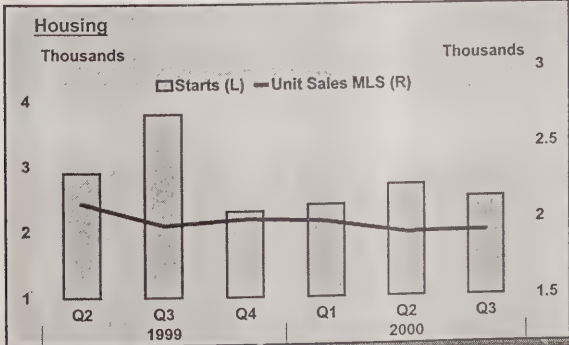
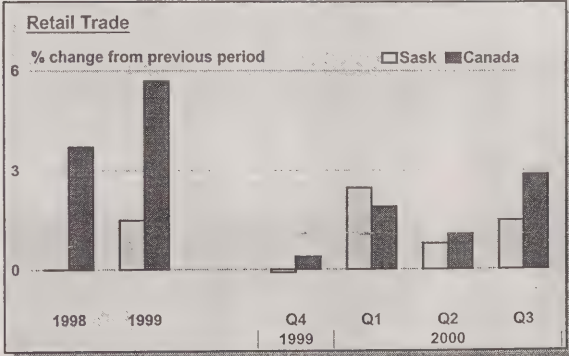
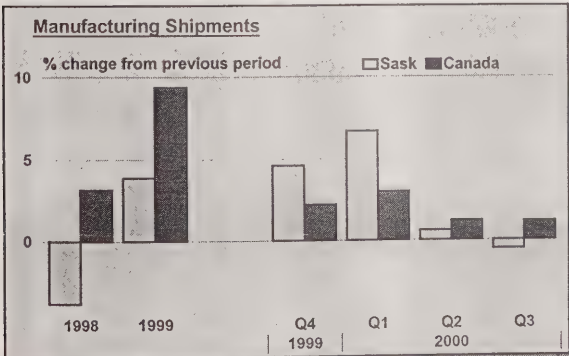
- Lower chemical and electrical products shipments in the third quarter put downward pressure on manufacturing activity, which declined 0.5% overall in the third quarter. Manufacturing activity has softened considerably in the last two quarters.

...while household expenditures strengthen

- Retail activity rose 1.5% in the third quarter, but growth remained below the national average. The automotive and the food sectors contributed strongly to the increase.
- Housing starts retreated in the third quarter, after increasing steadily in the past three quarters. Home resales were virtually unchanged over the quarter.

Inflation rises above the national rate

- The CPI index rose 2.8% in the third quarter, on a year-over-year basis. The increase was mostly due to higher prices for transportation and shelter.
- In October, inflation was nearly at par with the national rate. Higher shelter, health care and transport prices were still behind October's consumer price inflation.





Labour Markets

Employment growth slows in the third quarter...

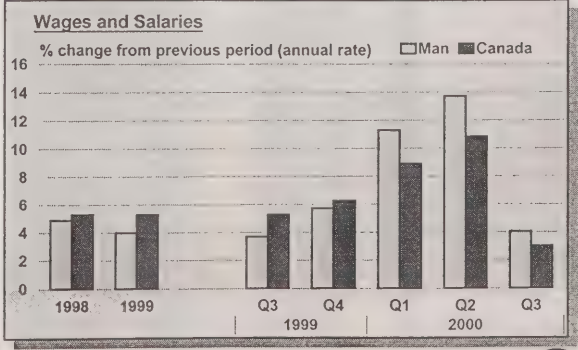
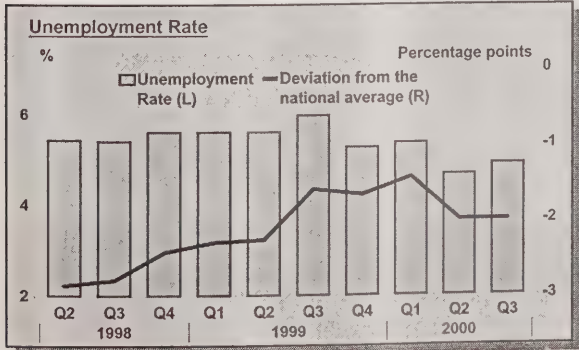
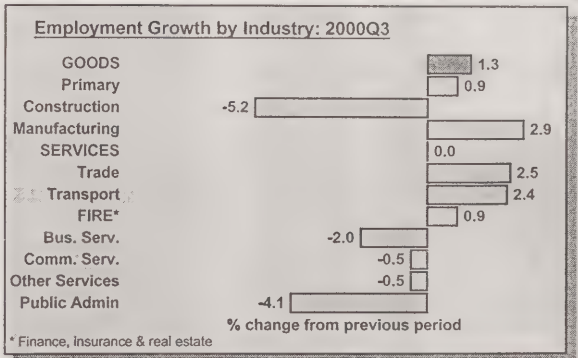
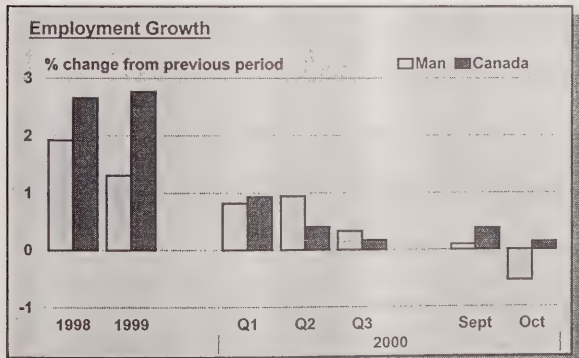
- Employment grew a modest 0.3% in the third quarter, down from the strong pace recorded in the first half of the year. The increase occurred entirely in the goods-producing sector, where gains in manufacturing and primary industries more than compensated for losses in construction.
- In October, employment weakened further, falling 0.5%, with job losses fairly widespread across major industrial sectors.

...pushing the unemployment rate up

- The unemployment rate edged up 0.2 percentage points, as the rise in employment was more than offset by an increase in the number of people seeking work. Still, the unemployment rate remained 2 percentage points below the national average, as Canada's rate also drifted up.

Wage growth down sharply in the third quarter

- Growth in wages and salaries decelerated to an annualised rate of 4% in the third quarter, following an exceptional 13.4% jump in the second quarter, that was explained mostly by federal pay equity payments.
- Farm cash receipts grew 6.4% in the first nine months of the year, despite the negative impact of lower grain and oilseed prices on crop revenues. Farm income grew as a result of higher livestock receipts and of substantial increases in program payments designed to help farmers adjust to the elimination of transportation subsidies when prices are low.





Economic Activity and Prices

Manufacturing activity recovers...

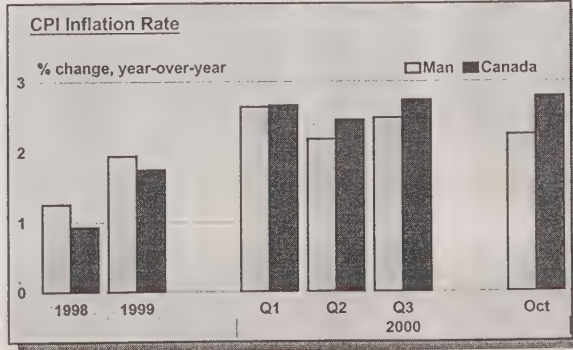
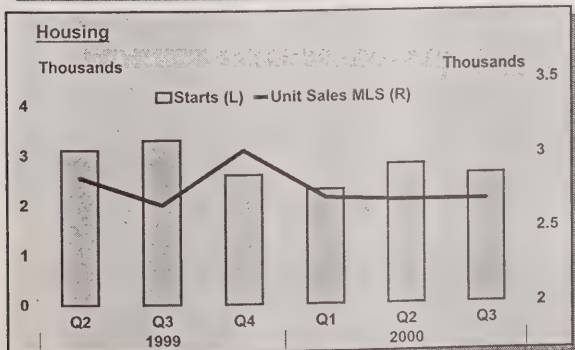
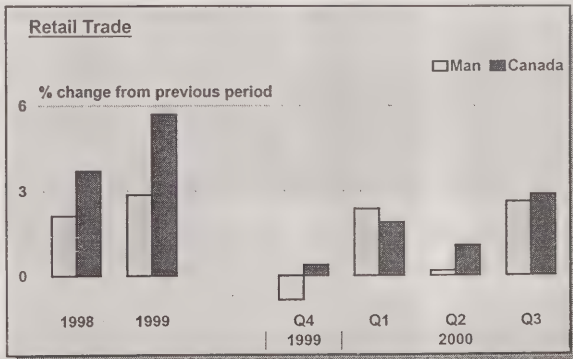
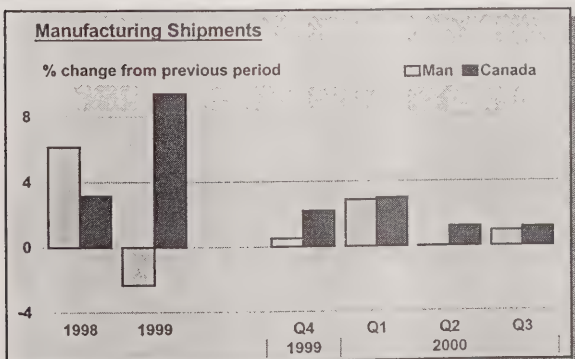
- Manufacturing shipments regained some strength in the third quarter, as gains in non-durables more than offset the losses in shipments for durables. The advance was concentrated in the chemical, beverage and plastic industries.

...as does retailing

- Retail sales recovered after pausing in the second quarter, rising 2.6%. Consumer spending, which increased in almost all major categories compared to last quarter, was particularly strong in the automotive and clothing sectors.
- Activity in the housing market has been weak since the beginning of the year, as house resales have remained constant around the level of 2700 units and only modest variations were recorded in housing starts.

Inflation remains below the national average in the third quarter

- The CPI rose 2.5% in the third quarter, on a year-over-year basis. The major contributors to the increase were health care services, shelter and food. In October, prices were up 2.2% compared to the year before, driven largely by higher prices in the same components.







Labour Markets

Employment growth exceeds the national average ...

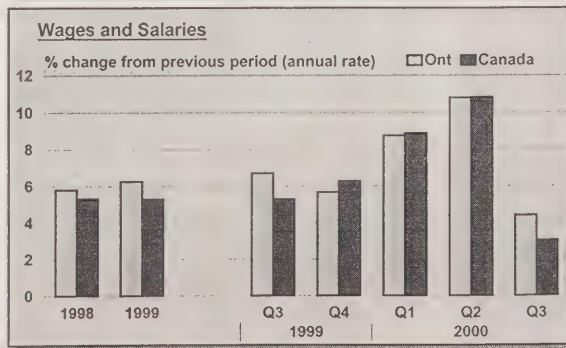
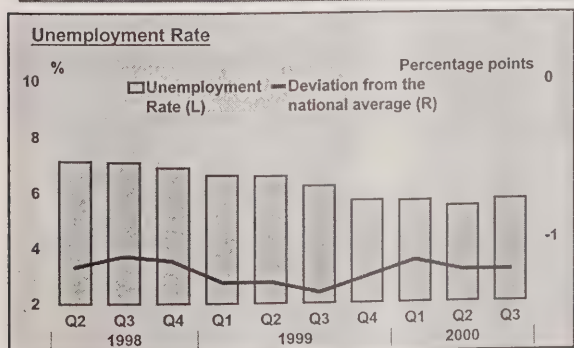
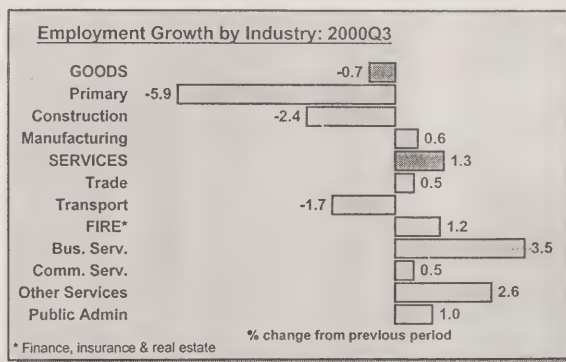
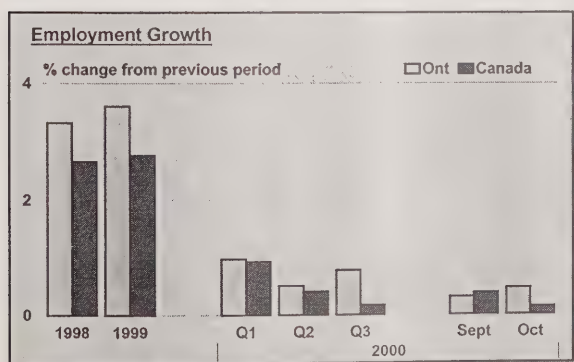
- Employment regained momentum in the third quarter, thanks to substantial advances in both business services and other services. Job losses occurred in the primary, construction and transportation industries.
- Employment grew a further 0.5% in October. The increase was concentrated in the goods-producing sector, with a strong contribution from manufacturing industries.

...but unemployment edges up in the third quarter

- The unemployment rate rose 0.2 percentage points to 5.7% in the third quarter, as the labour force expanded at a faster pace than employment.
- The increase in the unemployment rate paralleled that for Canada, leaving it 1.2 percentage points below the national average in the third quarter.

Growth in wages and salaries cools down

- Wages and salaries grew at a more modest pace in comparison to the sharp increase observed in the previous quarter, which was driven by federal pay equity settlements. Nonetheless, growth exceeded the national average.





Economic Activity and Prices

Growth in manufacturing activity remains modest...

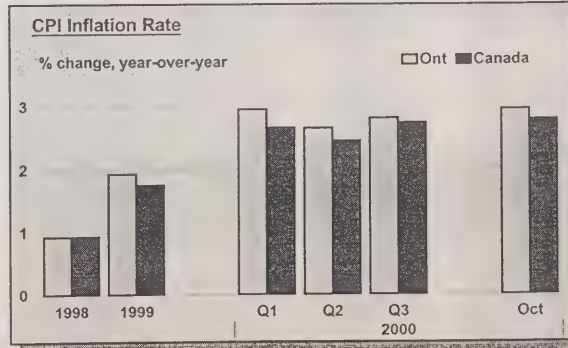
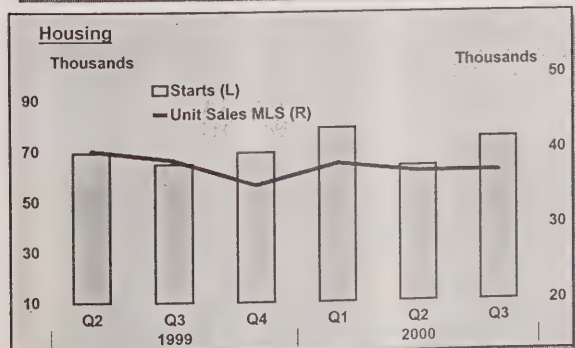
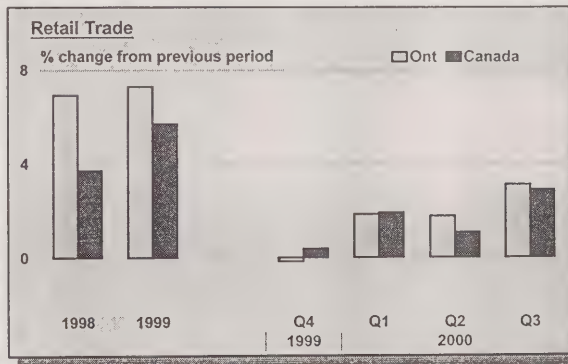
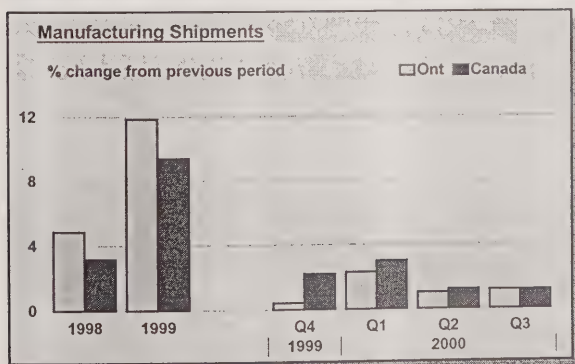
- Manufacturing shipments rose 1.2% in the third quarter. Shipments of petroleum, electrical and non-metallic mineral products were the driving force behind this increase. Leather, clothing and machinery shipments declined the most.

...while retailing and housing activity pick up...

- Retail sales in Ontario advanced 3.1% in the third quarter. All sectors posted higher sales in line with a rising level of consumer confidence observed since the beginning of the year. The strongest advances were recorded in automotive and clothing.
- The housing sector was also stronger in the third quarter. Housing starts jumped by 11 000 units compared to their level in the second quarter, accounting for three-quarters of the national increase. This rebound reflects in part that housing starts were affected by a strike by cement truckers in Southern Ontario in the second quarter.

...as do consumer prices

- CPI inflation was up in the third quarter, averaging 2.8% on a year-over-year basis. Except for clothing, all components were up, with shelter and transportation prices rising by around 3.5%. In October, the cost of shelter increased by 4.9% year-over-year, pushing consumer prices 3% higher than a year ago.







Labour Markets

Employment is unchanged from the second quarter...

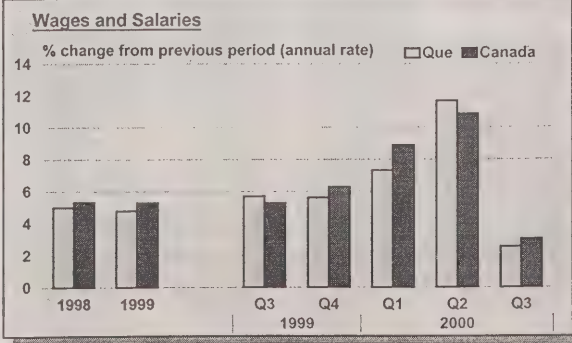
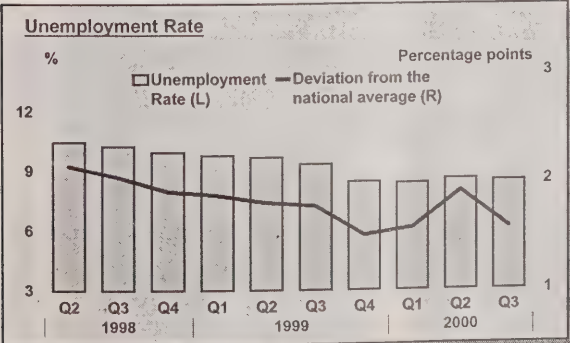
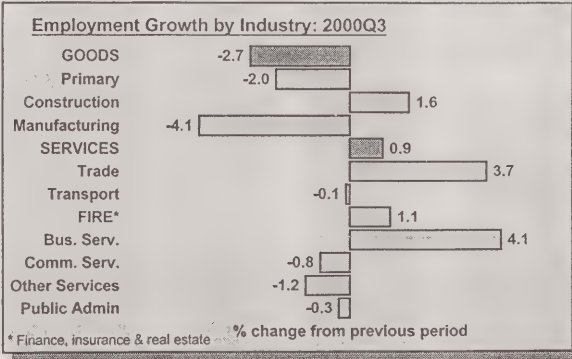
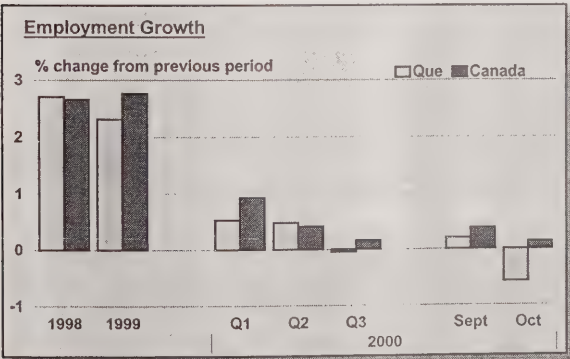
- Employment gains recorded in the service-producing sector were completely counterbalanced by job losses in the goods-producing industries. Growth occurred largely in business services and trade, while losses were concentrated in manufacturing and primary industries
- Employment fell in October. Job losses were widespread across goods-producing industries, while the largest losses within the services industries occurred in the management and administration sectors.

...but unemployment drifts down

- Quebec's unemployment rate edged down 0.1 percentage points to 8.5% in the third quarter. With employment unchanged, the decline was attributable entirely to a falling labour force.
- By contrast, the national unemployment rate rose to 6.9%, allowing the gap to narrow to its first quarter level of 1.6 percentage points.

Growth in wages and salaries tumbles

- Wages and salaries grew 2.5% in the third quarter. This drop follows exceptionally high growth in the second quarter, which resulted from pay equity payments by the federal government.





Economic Activity and Prices

Industrial activity cools down in the third quarter...

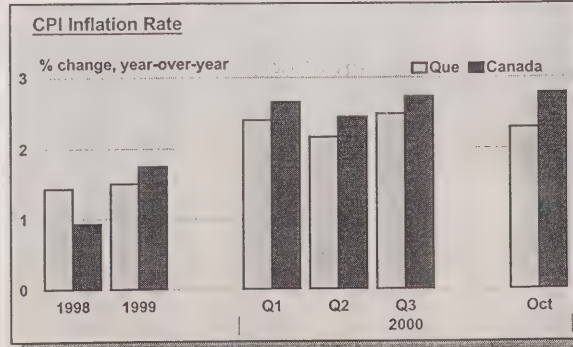
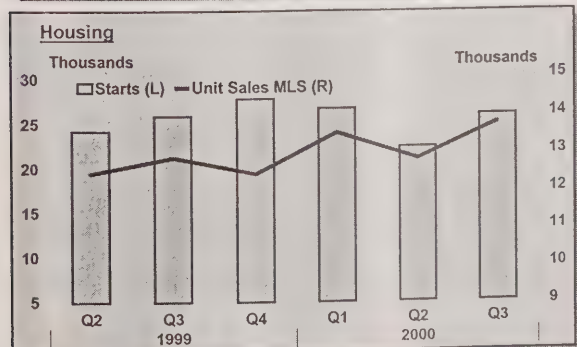
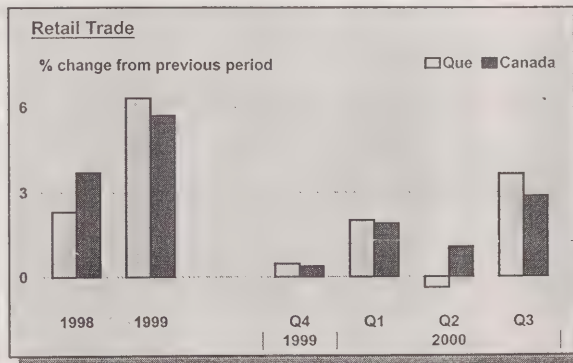
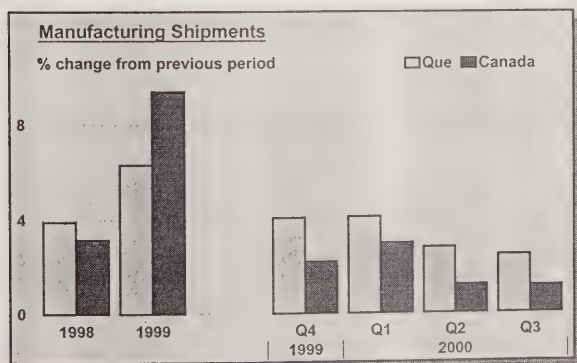
- Manufacturers' shipments increased 2.5% in the third quarter, a slower rate than the previous quarter. The weakening stemmed mainly from adverse movements in shipments of durables, namely wood, machinery and fabricated metal products.

...while retailing bounces back...

- Quebec led provincial growth in retail sales in the third quarter, recovering from a 0.4% decline in the previous quarter. Nearly all sectors contributed to the rise, but sales in the automotive sector were especially strong. Higher consumer confidence was a major factor behind the strength in consumer demand.
- The housing sector also regained some strength in the third quarter, as the number of units increased for both the new and the secondary housing markets.

...and inflation remains tame

- Consumer prices were up 2.5% in the third quarter on a year-over-year basis. Alcohol, transport and shelter prices increased the most, while household and clothing prices helped temper the yearly increase.





Atlantic Canada



Labour Markets

New Brunswick leads employment growth in the third quarter...

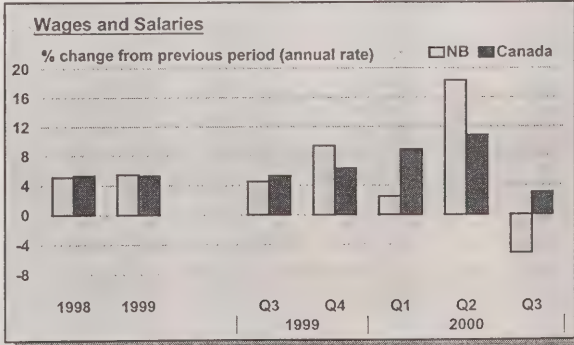
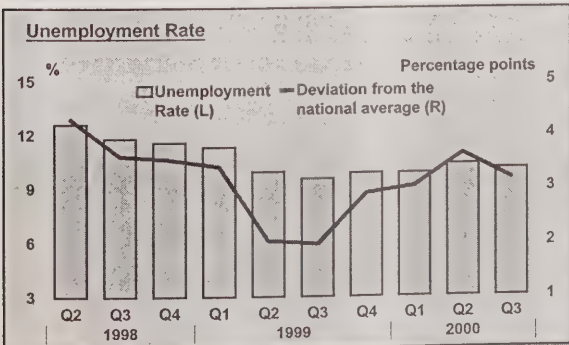
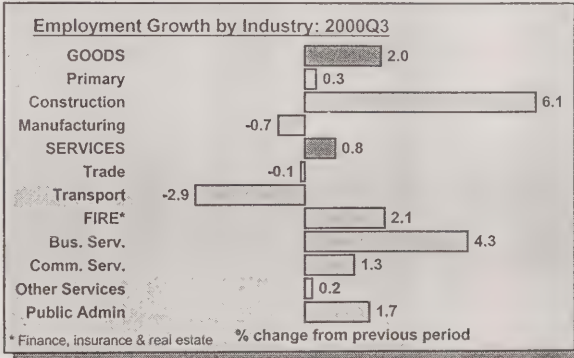
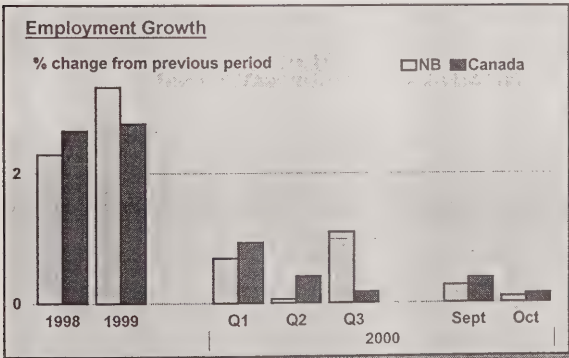
- Employment growth bounced back in the third quarter, reaching 1.1%, the highest increase across provinces. Jobs in the goods sector grew 2.0% with a strong contribution from the construction industry. Employment growth was spread widely across most service industries.
- Employment edged up further in October. Growth in the service-providing sector was partly offset by major losses in the goods industries, particularly in primary industries.

...pushing the unemployment rate down

- Strong job gains were also accompanied by a hefty rise in the labour force. As a result, the unemployment rate fell only 0.2 percentage points to 10.1% in the third quarter.
- With the national unemployment rate edging up to 6.9% in the third quarter, the New Brunswick rate was 3.2 percentage points above the national average.

Wages and salaries fall in the third quarter

- Wages and salaries fell 5.2% (annual rate) in the third quarter. In addition to a decline in hours worked, the strong impact of the one-time federal pay equity settlements on income in the previous quarter helps explain most of the succeeding fall. The effects of these payments were felt most strongly in Atlantic Canada, where public services account for a larger share of employment.





Economic Activity and Prices

Manufacturing activity softens in the third quarter...

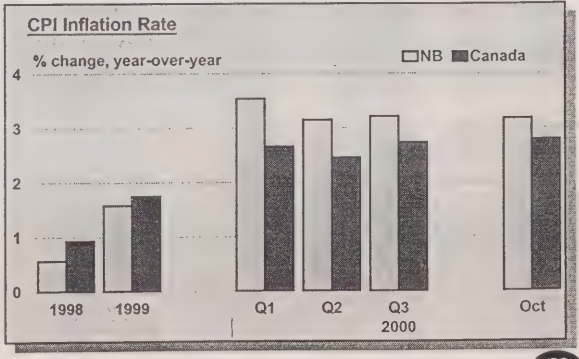
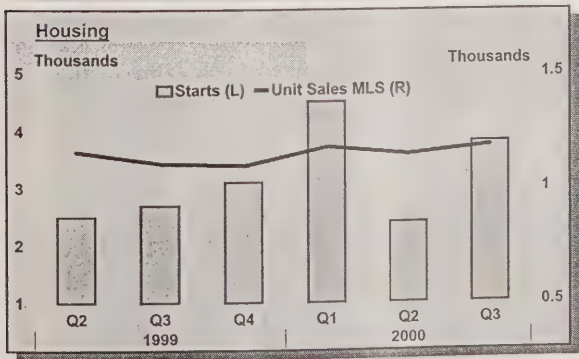
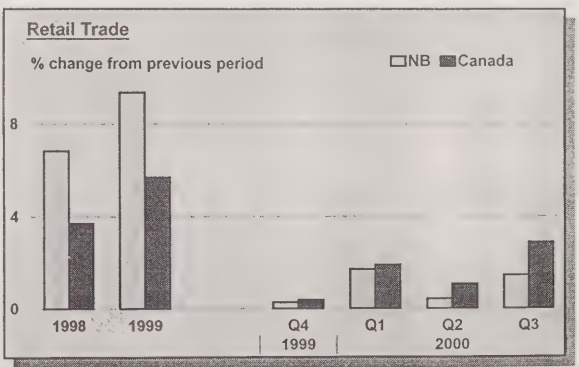
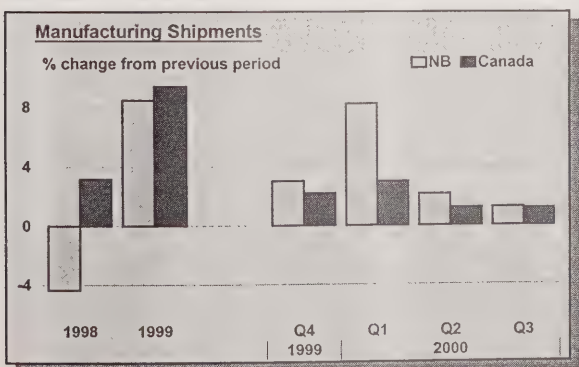
- Manufacturing shipments rose further in the third quarter, albeit at a slower pace. Shipments of durable goods were down, except for machinery. The non-durable category as a whole enjoyed a net increase in shipments, owing mainly to gains in paper, chemical and food products.

...while retailing and housing starts regain momentum...

- Growth in retail sales lagged behind the national average for the fifth consecutive quarter. This weakness in consumer spending reflects lower consumer confidence. The rise in retail sales in the third quarter stemmed mostly from higher demand for food products.
- Housing activity rebounded in the third quarter. Despite its volatility, the housing market in New Brunswick is much improved this year. On average, housing starts are higher by almost 40% in the first nine months, on a year-over-year basis. Home resales have been virtually unchanged over the past year.

...and inflation stands above 3%

- CPI inflation edged up to 3.2% in the third quarter, despite year-over-year price declines in the clothing component. Higher prices for transportation, shelter and alcohol all contributed to maintain inflation above the 3% mark.





Labour Markets

Employment falls in the third quarter...

- Employment growth, which had been slowing in previous quarters, turned into losses in the summer months, with most of the fall occurring in August. The decline was widespread across goods and services. In the goods producing sector, major losses in the primary industry more than offset modest gains in construction and manufacturing. In the services sector, increases in the business services and transport industries were offset by losses in public administration, FIRE and other services.
- Employment rose in October, for a second consecutive month. Growth was concentrated in the goods-producing sector, particularly the primary and construction industries more than compensated for losses in utilities and manufacturing.

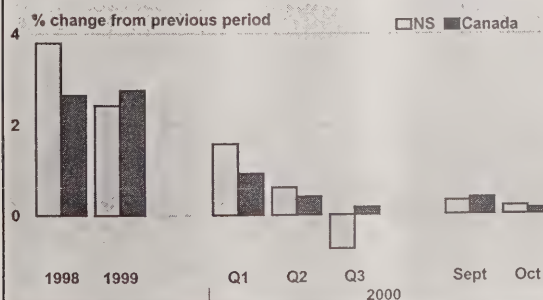
...pushing up the unemployment rate...

- The decline in employment was also accompanied by an increase in the labour force, raising the unemployment rate by 1.1 percentage points to 9.4%, the same as at the beginning of the year. As a result, Nova Scotia's unemployment rate was 2.5 percentage points above the national average, up from a gap of 1.6 points in the previous quarter.

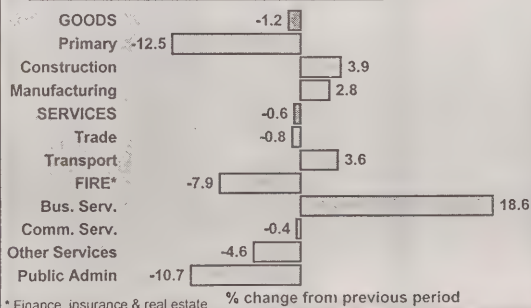
...and contributing to a sharp drop in earnings

- Wages and salaries fell 4.3% (annual rate) in the third quarter. In addition to the quarterly fall in employment, this decline also reflects the impact of the non-recurring portion of the federal pay equity settlements that boosted provincial income in the second quarter.

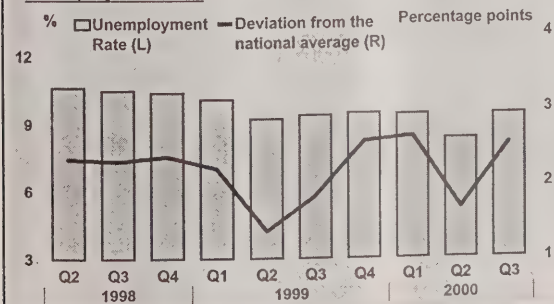
Employment Growth



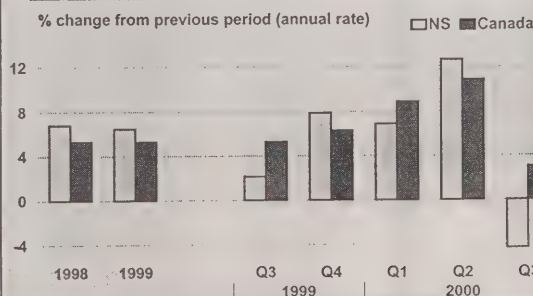
Employment Growth by Industry: 2000Q3



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Industrial activity rises in the third quarter...

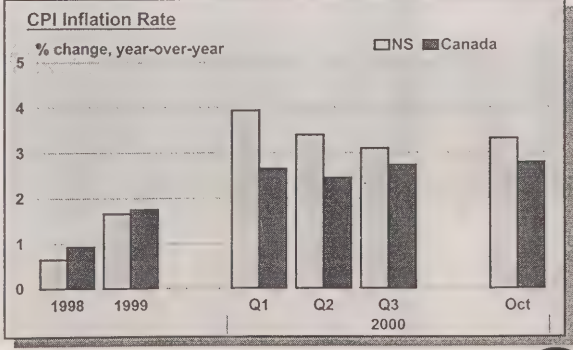
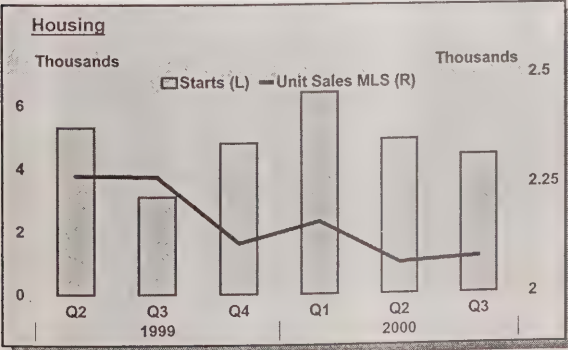
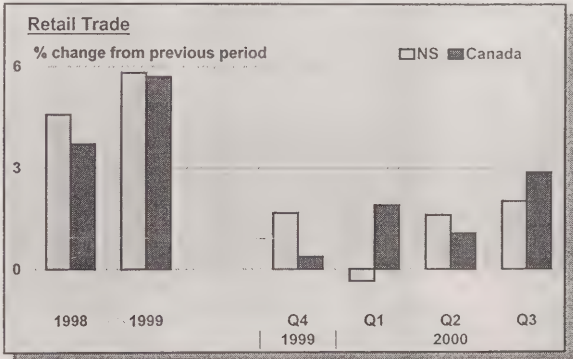
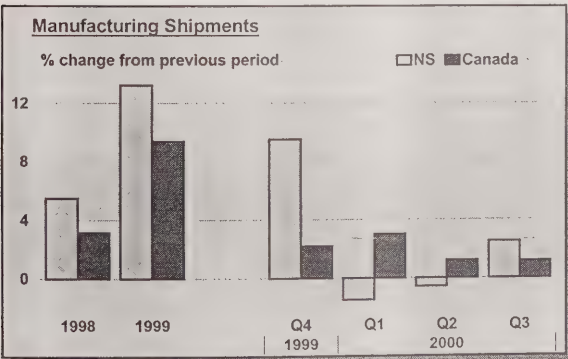
- Manufacturing shipments fell in the first half of the year, but grew more strongly than the national average in the third quarter. The surge was largely the result of higher shipments of transportation equipment, textile, and machinery products. These gains more than offset downward pressures from lower shipments of clothing, furniture, and non-metallic products.

...while consumer spending remains ambivalent...

- Retail trade strengthened further in the third quarter, supported by higher sales of automotive products.
- The housing market, however, has shown clear signs of a slowdown this year. Following a strong increase in the first quarter, starts have now declined for two consecutive quarters, falling by about one-third overall. Sales of existing homes registered a modest gain, following a sharp decline in the previous quarter.

...and CPI inflation cools down

- The inflation rate in Nova Scotia fell to 3.1% in the third quarter, but remained above the national average. As in the second quarter, all major components, with the exception of clothing, recorded price increases on a year-over-year basis. Inflation increased to 3.3% in October.





Labour Markets

Employment declines sharply in the third quarter...

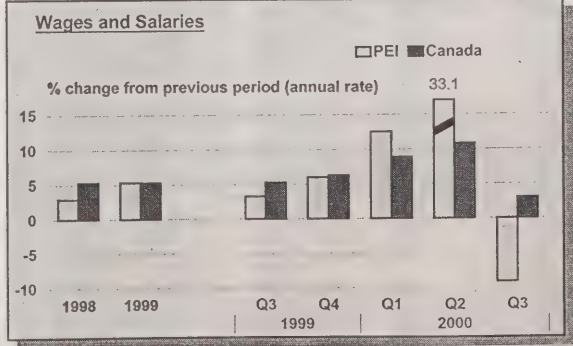
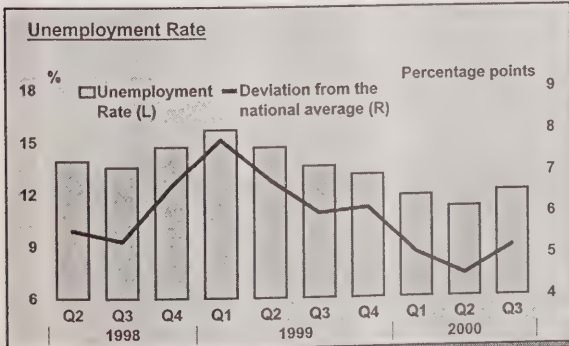
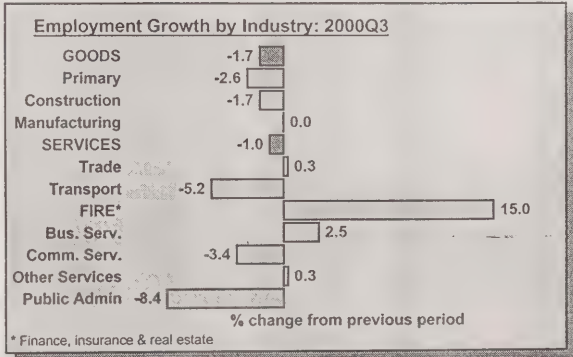
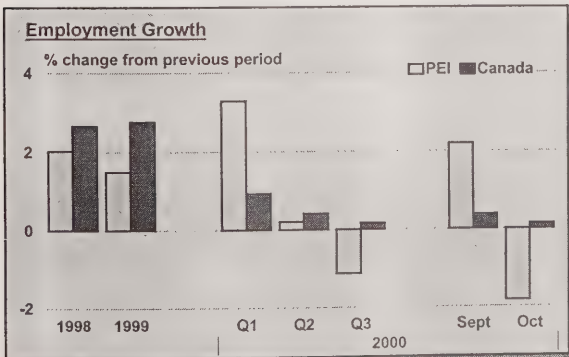
- Labour market conditions suffered a major downturn in PEI in the third quarter, with job losses in July and August. The decline was widespread but slightly more evident in the goods sector where a pause in manufacturing growth was accompanied by job losses in the primary and construction industries. In the services sector, large employment gains in the FIRE industry, and smaller gains in trade, business and other services were offset by significant job losses in public administration, transportation, and community services.
- Employment fell back sharply in October. The decline was concentrated in the services sector where losses in public administration and other services more than offset gains in business and community services. Employment in the goods sector was unchanged as a whole.

...accompanied by a higher unemployment rate...

- Job losses led to a 0.9 percentage points rise in the unemployment rate. This raised PEI's unemployment rate to 12.1%, 5.2 percentage points above the national average.

...and sharply negative earnings growth

- Wages and salaries fell 9.1% (annual rate) in the third quarter. Along with the third quarter fall in employment, this decline also reflects the impact of the non-recurring portion of the federal pay equity settlements that were behind the second quarter increase in provincial income.





Economic Activity and Prices

Industrial growth rises in the third quarter...

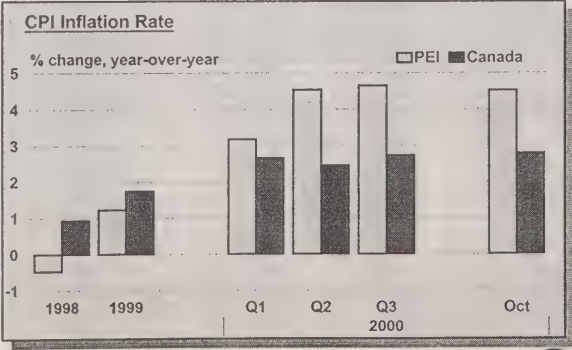
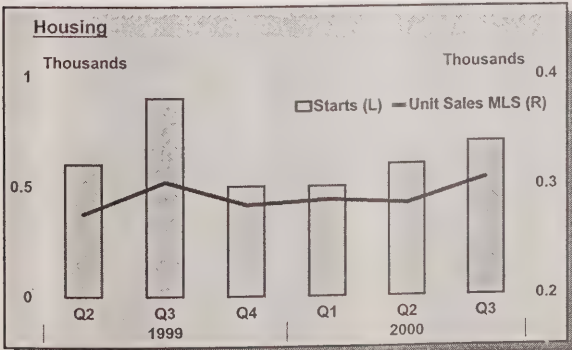
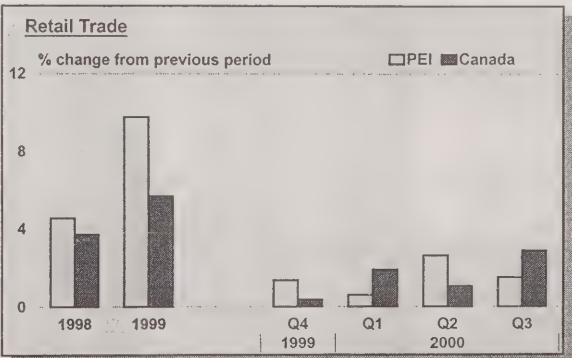
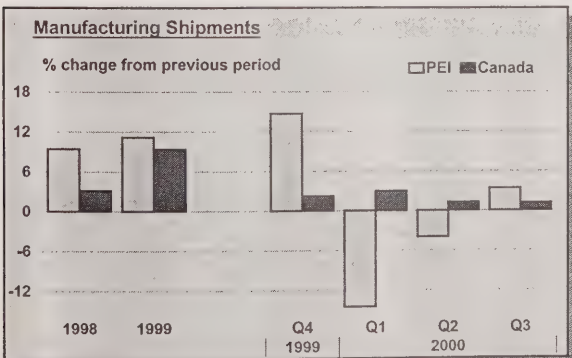
- Manufacturing shipments, after declining in the first half of the year, recovered to above the national average in the third quarter. This rebound was due to a large increase in the shipment of machinery products in addition to gains in transportation equipment, other durables, and fabricated metal products. These gains more than offset lower shipments of chemical, textile, and other manufactured products.

...and while consumer spending eases...

- Retail activity in PEI slowed in the third quarter. It was surpassed by the national average as a result of strong gains nationally in the automotive and clothing sectors.
- The housing market has shown significant signs of recovery this year with housing starts up about 40% from the first quarter. Sales of existing homes increased in the third quarter, the first significant rise in a year.

...inflation remains high

- Inflation in PEI increased slightly to 4.7% in the third quarter, remaining well above the national average for the fourth straight quarter. The inflation differential between PEI and Canada was due primarily to higher growth in shelter costs in PEI. Although inflation edged down to 4.5% in October, it still remained considerably higher than the national average.





Labour Markets

Employment growth retreats in the third quarter...

- Employment in Newfoundland fell in the third quarter following a modest recovery in the previous quarter. Much of the decline occurred in July and August, and was concentrated in the goods sector, particularly in manufacturing. In the service sector, job losses in most major groups offset a significant gain in business services.
- Following a brief upturn in September, employment fell back slightly in October. The losses were again concentrated in the goods sector, particularly in the primary and manufacturing sectors.

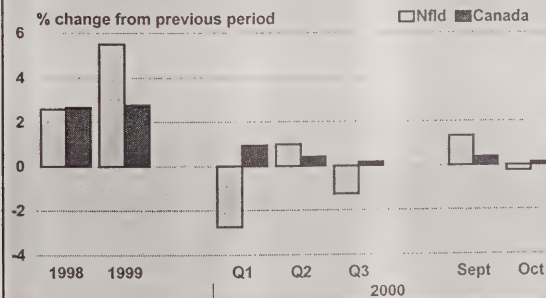
...with a slight decline in the unemployment rate...

- The unemployment rate drifted down to 16.0%, as a larger decline in the labour force outnumbered job losses. Newfoundland's unemployment rate was still well above the national average.

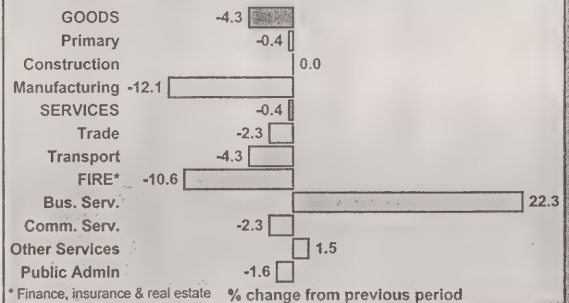
...and a sharp drop in earnings growth

- Wages and salaries declined 5.6% (annual rate) in the third quarter. In addition to the quarterly fall in employment, this decline reflects the impact of the non-recurring portion of the federal pay equity settlements which were responsible for higher provincial incomes in the second quarter.

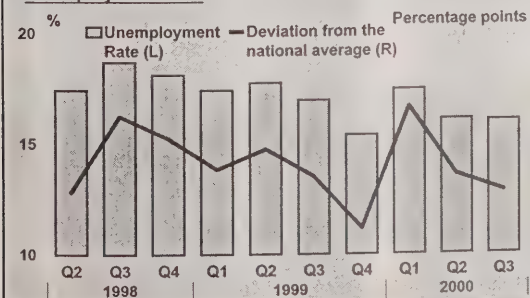
Employment Growth



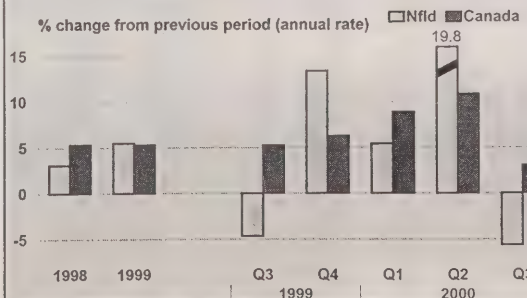
Employment Growth by Industry: 2000Q3



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Industrial activity falls in the third quarter...

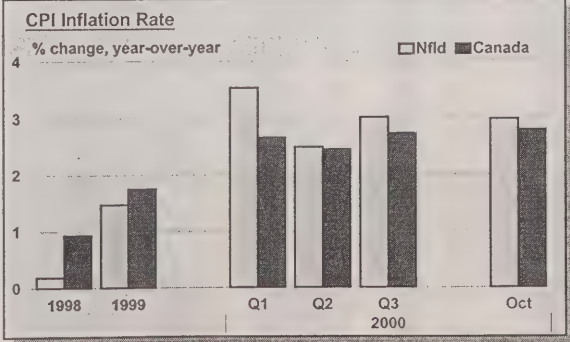
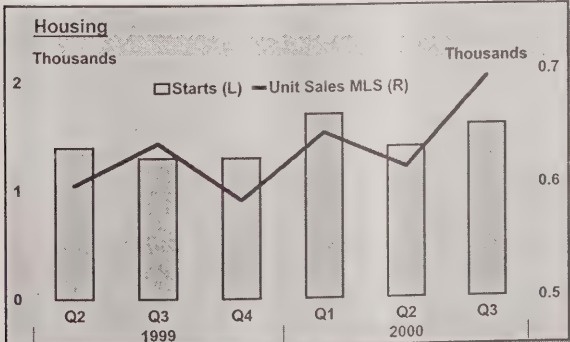
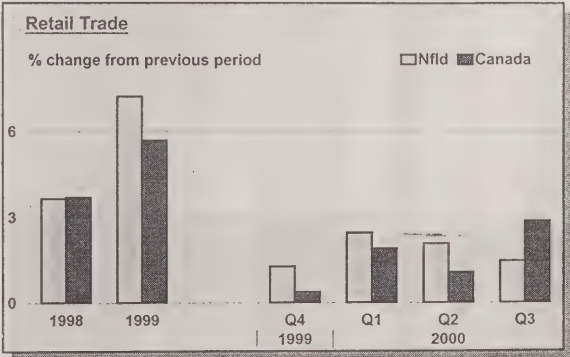
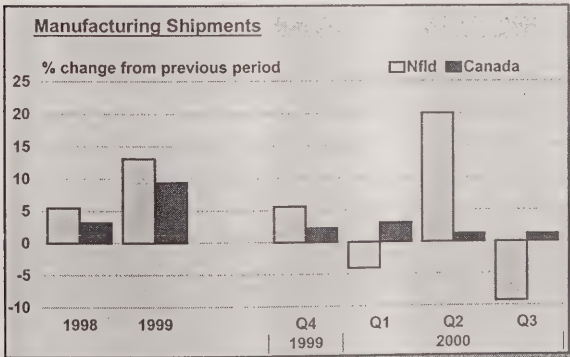
- Manufacturing activity, which has been volatile throughout the year, fell in the third quarter. Losses were posted in several major categories, but were most pronounced in food, machinery, and other non-durables. These declines more than offset gains in fabricated metal products, plastics, and other manufactured products.

...accompanied by slower growth in consumer spending...

- Retail sales rose 1.5% in the third quarter, slowing down from the 2.1% rise in the second quarter. Growth in national retail spending, boosted by strength in the automotive and clothing sectors, was faster than Newfoundland's increase in third quarter retail activity for the first time in a year.
- Although the housing market has also shown signs of volatility this year, starts are about 4% higher in the first nine months of the year compared with the same period a year ago. Sales of existing homes, which have also been volatile, are up 6% so far this year.

...and higher CPI inflation

- Newfoundland's inflation rate rose to 3.0% in the third quarter, somewhat higher than the national average. The increase in inflation was largely the result of higher transportation and shelter prices. Figures from October show that inflation began the fourth quarter virtually unchanged from its third quarter rate.





Territories

A word of caution:

Data for the Territories are less reliable than for the Provinces because of the small size of the samples. They are, therefore, subject to large revisions.

Economic Activity and Prices

Employment conditions are mixed...

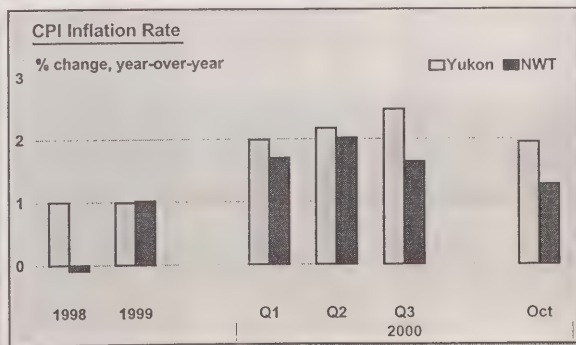
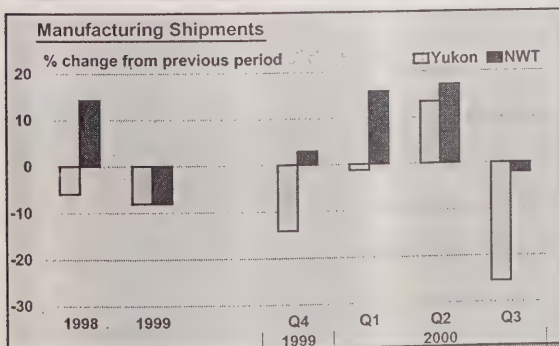
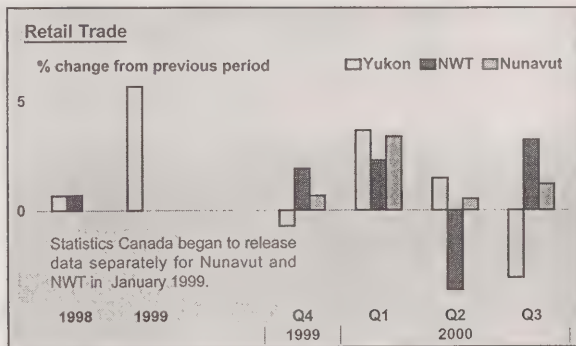
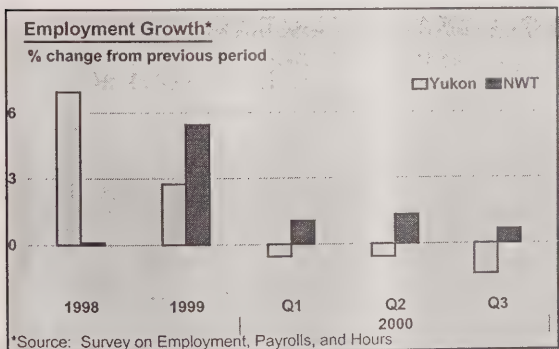
- Employment rose slightly in the third quarter in the Northwest Territories. Gains in the services-producing industries were partly offset by losses in the goods-producing industries.
- Lower manufacturing shipments and retail trade had a negative impact on Yukon employment in the third quarter. Employment in both services and goods-producing industries recorded losses.

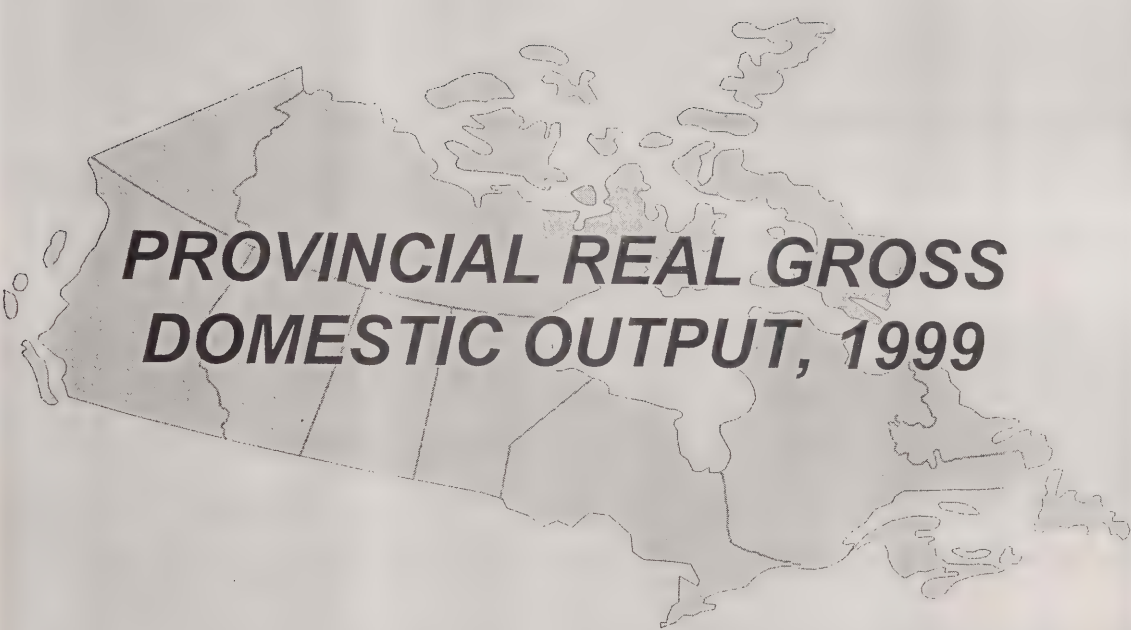
...while manufacturing shipments fall

- Industrial activity in the territories decreased in the third quarter after registering double digit growth in the previous quarter.
- Household expenditures were up 3.2% in the Northwest Territories and 1.2% in Nunavut in the third quarter. They fell 3.1% in Yukon.

Lower inflation than the national average for the Territories

- The CPI rate in Yukon (+2.5%) and the Northwest Territories (+1.6%) was much lower than the national average in the third quarter. The CPI inflation rate fell to 1.9% in Yukon and 1.3% in the Northwest Territories in October, on a year-over-year basis.





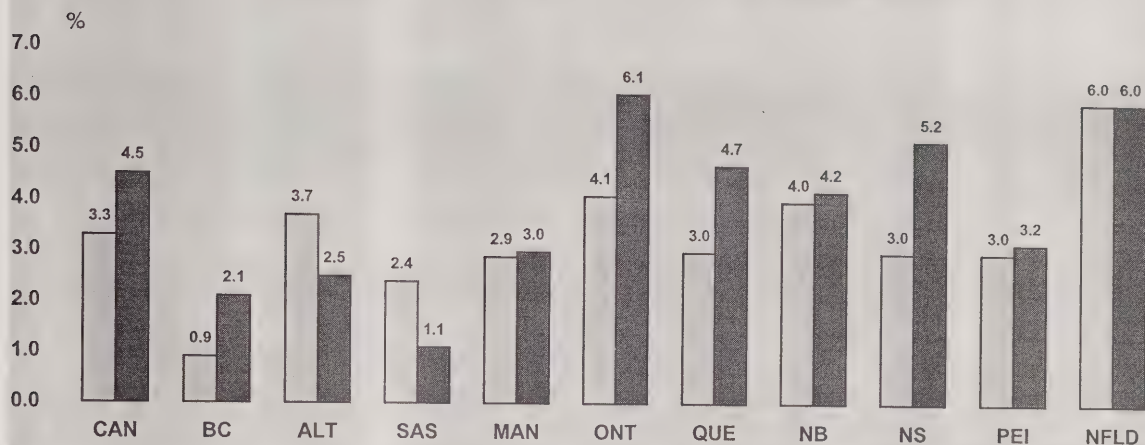
PROVINCIAL REAL GROSS DOMESTIC OUTPUT, 1999

This section presents a brief overview of the 1999 Provincial Economic Accounts released last October by Statistics Canada.

Provincial Real Gross Domestic Output, 1999

Real Gross Domestic Product at Market Prices

□ 1998 ■ 1999



GDP increased in all provinces and territories in 1999

- Canada's real GDP grew 4.5% in 1999, up from 3.3% the year earlier. Increased exports to the U.S. and stronger domestic demand were the major contributors to the advance in GDP. On an industrial basis, economic activity continued to flourish in 1999 mainly due to higher output of manufacturers, telecommunications carriers, computer sales and services related to Y2K. Output also recovered strongly in the construction industry. Economic activity increased in all provinces and territories, led by Ontario (+6.1%) and Newfoundland (+6.0%). Alberta and Saskatchewan were the only two provinces where growth was slower in 1999.

Weak commodity prices dampened real GDP growth in Western Canada

- British Columbia's economic activity rose 2.1% in 1999. Strong U.S. demand and a recovery from economic turmoil in Asia spurred exports of lumber, wood pulp and newsprint. Although declining residential construction activity and weak energy and metal prices pulled down growth, strong Y2K-related demand boosted output from manufacturers of computers and other electronic products.
- Alberta's real GDP growth stood at 2.5% in 1999, down from 3.7% the year before. The slowdown of the Albertan economy can be largely attributed to weak commodity prices as production, exploration and investment expenditures in the oil sector fell. Overall, mining output declined by about 5%. This in turn had a negative impact on the production of machinery and equipment used in the oil patch and non-residential construction. Growth was concentrated in the services industry, supported by telecommunications & computer services and wholesalers.
- In Saskatchewan, economic growth fell to 1.1% in 1999 as weak commodity prices also took their toll on the economy, particularly in the mining sector. Despite low prices, output of agricultural products was up, while oil production shrank. Strong U.S. demand boosted exports of wire & communications cable and wood products, which sustained activity in the manufacturing sector. As elsewhere, output of telecommunication and computer services rose significantly.

Provincial Real Gross Domestic Output, 1999

- The Manitoba economy grew 3.0% in 1999. Real output fell in the goods-producing sector largely as a result of a significant decline in mining activity related to a strike and a closure of a nickel mine. Manufacturing output was supported by a strong increase in the aircraft and parts production, while production in the services industries grew 4.1%. The Pan American Games had a beneficial impact on trade, amusement and recreational services, and Y2K preparations helped the computer services industry to expand output by 9%.

Manufacturing activity is spurred by a strong US demand

- Ontario's real output growth reached 6.1% in 1999, the largest increase among provinces. The Ontario economy has outperformed the national average for the fifth time over the last years. Gains were widespread among major sectors of the economy, although export-oriented industries led growth, benefiting from a buoyant US market. The automotive and information technology industries (IT), notably electronic products, computers and telecommunication services, accounted for one third of total output growth.
- Quebec GDP grew 4.7% in 1999, its best performance in fifteen years. The advance also exceeded the national average for the first time in over a decade. Producers in the knowledge-intensive industries of aerospace and telecommunication equipment contributed the most in response to a surge in US demand. Computer manufacturers also increased production as Y2K approached. Downward pressures were felt mainly in the accommodation, food and beverage industry as well as in health and education services.

Construction projects drive growth in Atlantic Canada

- The New Brunswick economy grew 4.2% in 1999, its best performance since the late 1980s. Although gains were evident in nearly all sectors of the economy, a surge in construction activity related to the completion of the Sable Island gas pipeline, the launching of a power generating facility and an oil refinery expansion gave the main impetus to growth. Activity was also brisk in wholesale and retail trade as well as in telecommunications and business services.
- Nova Scotia grew a strong 5.2% in 1999, up from 3% the year before. While the Sable Project boosted non-residential construction, the uplift in domestic demand was also driven by the reopening of a shipyard combined with a rise in computer services and computer-related wholesaling stemming from Y2K concerns. A large contract to build railway cars and higher demand for newsprint contributed strongly to the rise in manufacturing output. Declines in the fishing, logging and mining industries dampened growth in the goods sector.
- Prince Edward Island's GDP rose by 3.2% in 1999, largely as a result of increased residential construction. Output in agriculture rose slightly in 1999, while manufacturing activity picked up with a boost from the aircraft industry.
- The Newfoundland economy continued to outperform the national average and grew 6.0% in 1999 for a second year in a row, surpassed only by Ontario. The oil sector was the driving force with increased production at Hibernia and higher exploration expenditures. Tourism and fishing also posted healthy gains.



STATISTICAL APPENDIX

Key Provincial Data

	1998	1999	2000Q2	2000Q3	Sept. 2000	Oct. 2000
BRITISH COLUMBIA						
Mfg Shipments (\$M)	33,890.2	37,034.0	9,726.7	9,322.6	3,124.4	N/A
% change (1)	-2.0	9.3	-2.6	-4.2	0.7	N/A
Retail Trade (\$M)	33,044.8	33,672.1	8,802.6	9,007.5	3,016.2	N/A
% change	-2.0	1.9	0.9	2.3	0.3	N/A
Housing Starts (000's)	19.9	16.3	15.3	13.2	15.4	20.5
Labour Force (000's)	2,051.2	2,079.1	2,089.4	2,101.7	2,118.4	2,122.6
% change	0.5	1.4	-0.2	0.6	0.4	0.2
Employment (000's)	1,870.2	1,906.4	1,947.5	1,942.6	1,954.9	1,959.8
% change	0.1	1.9	0.2	-0.3	0.6	0.3
Unemployment Rate (%)	8.8	8.3	6.8	7.6	7.7	7.7
Participation Rate (%)	64.9	65.1	64.7	64.8	65.3	65.3
CPI Inflation	0.3	1.1	1.4	2.0	1.9	2.4
ALBERTA						
Mfg Shipments (\$M)	33,409.0	35,273.6	10,107.6	10,382.5	3,458.5	N/A
% change (1)	-3.6	5.6	1.1	2.7	-0.9	N/A
Retail Trade (\$M)	28,065.0	29,323.9	7,917.7	8,115.1	2,721.1	N/A
% change	4.2	4.5	2.0	2.5	1.1	N/A
Housing Starts (000's)	27.1	25.4	26.0	27.2	29.9	26.9
Labour Force (000's)	1,605.1	1,647.9	1,669.3	1,664.4	1,669.9	1,675.9
% change	3.7	2.7	0.1	-0.3	0.2	0.4
Employment (000's)	1,515.4	1,553.3	1,586.7	1,579.5	1,589.6	1,597.5
% change	3.9	2.5	0.2	-0.4	0.8	0.5
Unemployment Rate (%)	5.6	5.7	4.9	5.1	4.8	4.7
Participation Rate (%)	72.5	72.6	72.3	71.7	71.8	71.9
CPI Inflation	1.1	2.4	3.3	3.7	3.7	3.6
SASKATCHEWAN						
Mfg Shipments (\$M)	5,895.5	6,123.0	1,749.3	1,739.8	582.2	N/A
% change (1)	-3.8	3.9	0.6	-0.5	-1.1	N/A
Retail Trade (\$M)	7,621.5	7,734.6	2,026.9	2,056.8	683.1	N/A
% change	0.0	1.5	0.8	1.5	-0.6	N/A
Housing Starts (000's)	3.0	3.1	2.7	2.5	2.2	2.2
Labour Force (000's)	505.3	511.0	514.1	509.9	509.3	512.3
% change	1.2	1.1	-0.1	-0.8	0.0	0.6
Employment (000's)	476.3	480.1	487.8	481.4	480.8	484.2
% change	1.3	0.8	-0.4	-1.3	0.3	0.7
Unemployment Rate (%)	5.7	6.1	5.1	5.6	5.8	5.5
Participation Rate (%)	66.6	67.0	67.3	66.8	66.7	67.1
CPI Inflation	1.4	1.7	2.3	2.8	2.7	2.8
MANITOBA						
Mfg Shipments (\$M)	10,613.2	10,365.4	2,636.3	2,661.1	886.9	N/A
% change (1)	6.1	-2.3	0.0	0.9	1.1	N/A
Retail Trade (\$M)	8,771.7	9,023.5	2,329.6	2,390.7	794.9	N/A
% change	2.1	2.9	0.2	2.6	-0.4	N/A
Housing Starts (000's)	2.9	3.1	2.8	2.6	2.3	2.6
Labour Force (000's)	566.8	574.8	582.5	585.6	584.9	582.7
% change	0.9	1.4	0.2	0.5	-0.5	-0.4
Employment (000's)	535.7	542.7	555.2	557.1	558.7	555.7
% change	1.9	1.3	0.9	0.3	0.1	-0.5
Unemployment Rate (%)	5.5	5.6	4.7	4.9	4.5	4.6
Participation Rate (%)	67.0	67.5	67.9	68.1	68.0	67.7
CPI Inflation	1.3	1.9	2.2	2.5	2.4	2.2

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Key Provincial Data

	1998	1999	2000Q2	2000Q3	Sept. 2000	Oct. 2000
ONTARIO						
Mfg Shipments (\$M)	240,016.0	268,447.9	71,329.3	72,170.5	24,172.7	N/A
% change (1)	4.8	11.8	1.0	1.2	0.1	N/A
Retail Trade (\$M)	92,411.9	99,149.9	26,281.3	27,092.1	9,076.4	N/A
% change	6.9	7.3	1.7	3.1	0.6	N/A
Housing Starts (000's)	53.8	67.2	63.6	74.6	71.9	77.6
Labour Force (000's)	5,914.3	6,070.8	6,177.0	6,241.4	6,263.7	6,296.6
% change	1.9	2.6	0.3	1.0	0.1	0.5
Employment (000's)	5,490.0	5,688.1	5,840.0	5,885.3	5,899.0	5,926.4
% change	3.3	3.6	0.5	0.8	0.3	0.5
Unemployment Rate (%)	7.2	6.3	5.5	5.7	5.8	5.9
Participation Rate (%)	66.0	66.6	66.8	67.1	67.3	67.5
CPI Inflation	0.9	1.9	2.6	2.8	2.8	2.9
QUEBEC						
Mfg Shipments (\$M)	107,331.7	114,110.1	31,986.8	32,778.0	10,771.0	N/A
% change (1)	3.9	6.3	2.8	2.5	-3.9	N/A
Retail Trade (\$M)	57,157.8	60,766.2	15,608.7	16,177.5	5,396.0	N/A
% change	2.3	6.3	-0.4	3.6	0.2	N/A
Housing Starts (000's)	23.1	25.7	22.4	26.0	25.7	26.4
Labour Force (000's)	3,660.2	3,701.6	3,767.5	3,761.2	3,754.8	3,744.9
% change	1.5	1.1	0.7	-0.2	-0.1	-0.3
Employment (000's)	3,281.5	3,357.4	3,444.6	3,443.1	3,447.9	3,428.3
% change	2.7	2.3	0.5	0.0	0.2	-0.6
Unemployment Rate (%)	10.3	9.3	8.6	8.5	8.2	8.5
Participation Rate (%)	62.6	62.8	63.5	63.3	63.2	63.0
CPI Inflation	1.4	1.5	2.2	2.5	2.5	2.3
NEW BRUNSWICK						
Mfg Shipments (\$M)	8,078.6	8,762.1	2,622.8	2,655.2	879.3	N/A
% change (1)	-4.4	8.5	2.1	1.2	-0.0	N/A
Retail Trade (\$M)	6,042.5	6,607.6	1,723.2	1,748.2	586.6	N/A
% change	6.8	9.4	0.4	1.4	0.1	N/A
Housing Starts (000's)	2.4	2.8	2.4	3.8	4.8	2.7
Labour Force (000's)	361.9	365.7	370.1	373.1	373.4	373.6
% change	1.7	1.1	0.6	0.8	-0.3	0.1
Employment (000's)	317.8	328.4	331.9	335.5	337.0	337.3
% change	2.3	3.3	0.1	1.1	0.3	0.1
Unemployment Rate (%)	12.2	10.2	10.3	10.1	9.7	9.7
Participation Rate (%)	60.7	61.0	61.3	61.8	61.8	61.8
CPI Inflation	0.6	1.6	3.1	3.2	2.9	3.2
NOVA SCOTIA						
Mfg Shipments (\$M)	6,829.4	7,732.2	2,081.1	2,133.6	710.8	N/A
% change (1)	5.5	13.2	-0.5	2.5	-4.3	N/A
Retail Trade (\$M)	7,710.9	8,159.6	2,111.4	2,153.9	714.3	N/A
% change	4.6	5.8	1.6	2.0	0.0	N/A
Housing Starts (000's)	3.1	4.3	4.9	4.4	2.8	3.2
Labour Force (000's)	445.9	452.0	459.4	461.3	461.7	461.5
% change	1.9	1.4	-0.6	0.4	0.4	0.0
Employment (000's)	398.9	408.6	421.0	417.9	417.6	418.4
% change	3.8	2.4	0.6	-0.8	0.3	0.2
Unemployment Rate (%)	10.5	9.6	8.3	9.4	9.6	9.3
Participation Rate (%)	60.7	61.0	61.5	61.6	61.6	61.5
CPI Inflation	0.6	1.7	3.4	3.1	3.0	3.3

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Key Provincial Data

	1998	1999	2000Q2	2000Q3	Sept. 2000	Oct. 2000
PRINCE EDWARD ISLAND						
Mfg Shipments (\$M)	882.6	981.0	232.1	239.9	82.4	N/A
% change (1)	9.4	11.2	-4.0	3.4	1.2	N/A
Retail Trade (\$M)	1,053.7	1,156.6	311.1	315.7	105.3	N/A
% change	4.5	9.8	2.6	1.5	0.3	N/A
Housing Starts (000's)	0.5	0.6	0.6	0.7	0.6	0.9
Labour Force (000's)	70.1	71.6	73.3	73.2	73.5	74.0
% change	0.1	2.1	-0.5	-0.1	0.5	0.7
Employment (000's)	60.4	61.3	65.0	64.3	65.2	64.0
% change	2.0	1.5	0.2	-1.1	2.2	-1.8
Unemployment Rate (%)	13.8	14.4	11.2	12.1	11.3	13.5
Participation Rate (%)	65.7	66.4	67.1	66.6	66.8	67.3
CPI Inflation	-0.5	1.2	4.5	4.7	4.3	4.5
NEWFOUNDLAND						
Mfg Shipments (\$M)	1,750.1	1,748.0	600.8	545.1	179.2	N/A
% change (1)	5.4	-0.1	20.0	-9.3	2.8	N/A
Retail Trade (\$M)	3,938.6	3,954.2	1,122.1	1,138.5	378.9	N/A
% change	3.7	0.4	2.1	1.5	-0.7	N/A
Housing Starts (000's)	1.5	1.4	1.4	1.6	1.5	1.8
Labour Force (000's)	237.0	246.7	245.9	242.5	246.1	246.5
% change	1.9	4.1	-0.7	-1.4	2.0	0.2
Employment (000's)	194.2	204.9	206.3	203.7	206.2	205.7
% change	2.6	5.5	1.0	-1.3	1.3	-0.2
Unemployment Rate (%)	18.0	16.9	16.1	16.0	16.3	16.6
Participation Rate (%)	53.9	56.3	55.9	55.2	56.0	56.0
CPI Inflation	0.2	1.5	2.5	3.0	2.9	3.0
CANADA						
Mfg Shipments (\$M)	448,749.5	490,858.3	133,087.8	134,641.5	44,851.9	N/A
% change (1)	3.2	9.4	1.2	1.2	-1.0	N/A
Retail Trade (\$M)	246,641.0	260,690.7	68,461.3	70,423.6	23,549.2	N/A
% change	3.7	5.7	1.1	2.9	0.4	N/A
Housing Starts (000's)	137.4	150.0	142.1	156.6	157.1	164.9
Labour Force (000's)	15,417.7	15,721.2	15,948.5	16,014.3	16,055.8	16,090.6
% change	1.7	2.0	0.3	0.4	0.1	0.2
Employment (000's)	14,140.4	14,531.2	14,886.1	14,910.5	14,957.1	14,977.3
% change	2.7	2.8	0.4	0.2	0.4	0.1
Unemployment Rate (%)	8.3	7.6	6.7	6.9	6.8	6.9
Participation Rate (%)	65.1	65.6	65.8	65.8	65.9	66.0
CPI Inflation	0.9	1.7	2.4	2.7	2.7	2.8

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Provincial Economic Accounts

	1993	1994	1995	1996	1997	1998	1999
Real GDP at Market Prices (\$1992M)							
BC	90,543	93,355	95,370	98,052	101,277	102,217	104,323
% change	4.0	3.1	2.2	2.8	3.3	0.9	2.1
Alberta	79,792	84,622	87,161	89,284	95,997	99,504	101,960
% change	6.7	6.1	3.0	2.4	7.5	3.7	2.5
Sask	22,654	23,603	23,934	24,391	25,661	26,267	26,547
% change	7.4	4.2	1.4	1.9	5.2	2.4	1.1
Manitoba	24,468	25,298	25,445	26,205	27,099	27,892	28,729
% change	0.2	3.4	0.6	3.0	3.4	2.9	3.0
Ontario	288,164	305,223	316,581	319,982	335,508	349,364	370,722
% change	1.1	5.9	3.7	1.1	4.9	4.1	6.1
Quebec	160,897	167,241	170,366	172,707	178,460	183,835	192,535
% change	1.6	3.9	1.9	1.4	3.3	3.0	4.7
New Brunswick	14,358	14,643	15,071	15,266	15,331	15,941	16,616
% change	2.3	2.0	2.9	1.3	0.4	4.0	4.2
Nova Scotia	18,193	18,256	18,578	18,641	19,242	19,828	20,865
% change	0.7	0.3	1.8	0.3	3.2	3.0	5.2
PEI	2,370	2,492	2,629	2,714	2,662	2,742	2,829
% change	1.7	5.1	5.5	3.2	-1.9	3.0	3.2
Nfld	9,668	10,126	10,348	9,914	10,028	10,625	11,259
% change	1.2	4.7	2.2	-4.2	1.1	6.0	6.0
Yukon	874	864	1,005	1,097	1,012	987	997
% change	-19.8	-1.1	16.3	9.2	-7.7	-2.5	1.0
NWT (2)	2,242	2,318	2,315	2,374	2,451	2,491	2,549
% change	3.2	3.4	-0.1	2.5	3.2	1.6	2.3
Canada	714,583	748,350	769,082	780,916	815,013	842,002	880,254
% change	2.3	4.7	2.8	1.5	4.4	3.3	4.5

Population ('000s)

BC	3,572	3,682	3,784	3,882	3,960	3,998	4,028
% change	2.9	3.1	2.8	2.6	2.0	1.0	0.8
Alberta	2,671	2,705	2,740	2,781	2,837	2,907	2,959
% change	1.4	1.3	1.3	1.5	2.0	2.5	1.8
Sask	1,007	1,010	1,014	1,019	1,022	1,025	1,026
% change	0.3	0.3	0.4	0.5	0.3	0.3	0.1
Manitoba	1,118	1,124	1,130	1,134	1,137	1,138	1,143
% change	0.4	0.5	0.5	0.4	0.3	0.1	0.4
Ontario	10,689	10,827	10,964	11,101	11,248	11,385	11,517
% change	1.1	1.3	1.3	1.2	1.3	1.2	1.2
Quebec	7,165	7,207	7,241	7,274	7,303	7,324	7,349
% change	0.7	0.6	0.5	0.5	0.4	0.3	0.3
New Brunswick	750	751	752	753	754	753	754
% change	0.3	0.1	0.1	0.1	0.1	-0.1	0.1
Nova Scotia	924	926	928	931	935	936	939
% change	0.5	0.2	0.2	0.3	0.4	0.1	0.3
PEI	132	134	135	136	137	137	138
% change	0.8	1.5	0.7	0.7	0.7	0.0	0.7
Nfld	580	575	568	561	554	545	541
% change	0.0	-0.9	-1.2	-1.2	-1.2	-1.6	-0.7
Yukon	31	30	31	32	32	32	31
% change	3.3	-3.2	3.3	3.2	0.0	0.0	-3.1
NWT (2)	64	65	67	68	68	68	68
% change	3.2	1.6	3.1	1.5	0.0	0.0	0.0
Canada	28,703	29,036	29,354	29,672	29,987	30,248	30,493
% change	1.1	1.2	1.1	1.1	1.1	0.9	0.8

Regional Economic Observer



Fourth Quarter, 2000



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The "Regional Economic Observer" (REO) provides a snapshot of provincial economic conditions in a convenient format. The REO does not interpret or evaluate government policies, and every attempt is made to present factual information in an informed and balanced manner consistent with generally accepted economic principles. This report uses data available as of March 2, 2001. It has been prepared by Eric Chalifoux, Anik Dufour, Arif Mahmud, and Karen Smith under the direction of Raynald Létourneau and Shane Williamson. All information is taken from public sources, primarily Statistics Canada, the Bank of Canada, the Canada Mortgage and Housing Corporation, and the Canadian Real Estate Association. Please address comments to Raynald Létourneau at 613-996-0474 or through the Internet at letourneau.raynald@ic.gc.ca.

Highlights: Fourth Quarter, 2000

British Columbia

Economic activity increased in British Columbia in the fourth quarter. Gains in the services-producing industries supported employment growth which, in turn, provided stimulus to housing activity and consumer spending. Manufacturing shipments recovered from losses in the two previous quarters with strong increases in the wood and electrical & electronic product industries. The unemployment rate stood at 7.3%, down from 7.6% in the third quarter.

Prairies

Growth was widespread across Alberta's economy. Manufacturing activity, employment and retail trade were on the rise while sales of existing homes remained strong. In Saskatchewan, growth was concentrated in the manufacturing sector, with a strong increase in employment and shipments, while consumer spending weakened. In Manitoba, manufacturing shipments edged up but employment and retail trade weakened. The unemployment rate fell in all three provinces, more so in Alberta and Saskatchewan.

Ontario

The Ontario economy grew at a more moderate pace in the fourth quarter. Clear signs of a slowdown in the important auto sector dampened growth in manufacturing and retail trade. A strong increase in employment was offset by a larger rise in the labour force, driving the unemployment rate up to 6.0%.

Quebec

Growth also moderated in Quebec. Consumer spending weakened while manufacturing activity rose, supported by higher shipments of fabricated metals, machinery and transportation equipment. Employment was virtually unchanged from the previous quarter but fewer job seekers lowered the unemployment rate to 8.3%.

Atlantic

The Atlantic economy showed mixed signs in the fourth quarter. Consumer confidence was up and manufacturing activity rose in all provinces except Newfoundland, which experienced a sharp drop in manufacturing. Growth appeared to be strongest in New Brunswick and Nova Scotia, where employment also rose and the unemployment rate remained unchanged or edged down. The increase in the unemployment rate exceeded 1 percentage point in Newfoundland to reach 17.3%, while in PEI the unemployment rate stood at 13.0%, up 0.9 percentage points from the previous quarter.

A light gray outline map of British Columbia is centered on the page. The map shows the province's irregular coastline and its position relative to the surrounding regions.

British Columbia



Labour Markets

Employment rebounds in the fourth quarter...

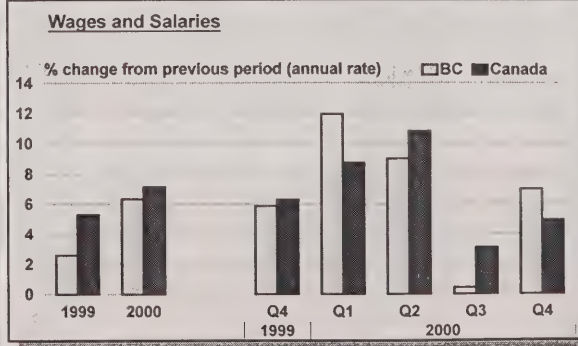
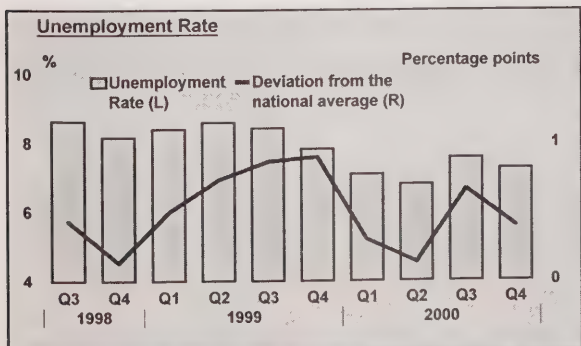
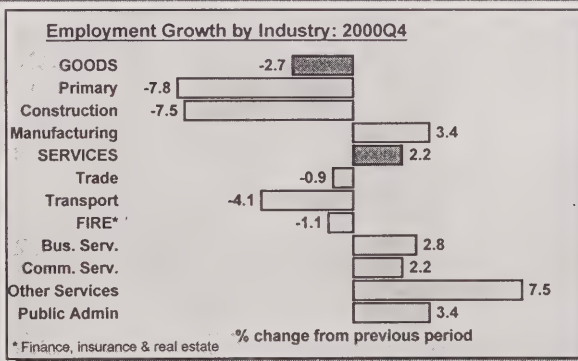
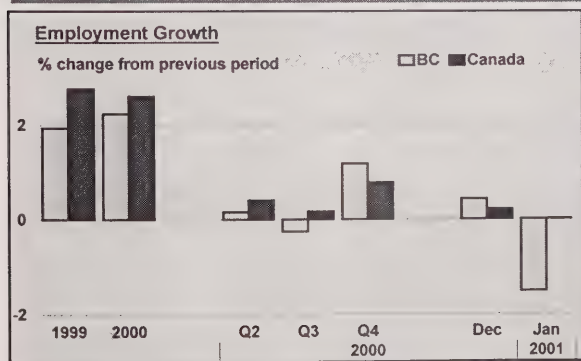
- Employment growth surpassed the national average in the fourth quarter, reaching 1.2%. Job gains were concentrated in the service sector and in particular in the other services category, which includes the information, culture & recreation and accommodation & food services industries. Employment in the goods sector fell as a result of large declines in the primary and construction industries.
- On an annual basis, employment growth was 2.2% in 2000. However, the labour market started the year 2001 on a negative note, with employment falling 1.5% in January.

...pushing the unemployment rate down...

- The unemployment rate fell to 7.3% in the fourth quarter after increasing slightly in the previous quarter. B.C.'s unemployment rate stood at 7.2% in 2000, more than a full percentage point below the previous year.
- The B.C. unemployment rate closed the year 0.4 percentage points above the national average.

...and raising income growth

- Higher full-time employment contributed largely to the 7.0% (annual rate) income growth in the fourth quarter. In 2000, wages and salaries were up 6.3% as a result of higher full-time employment. As in all other provinces, income growth was boosted by federal pay equity payments in the first half of the year.





Economic Activity and Prices

Industrial production intensifies in the fourth quarter...

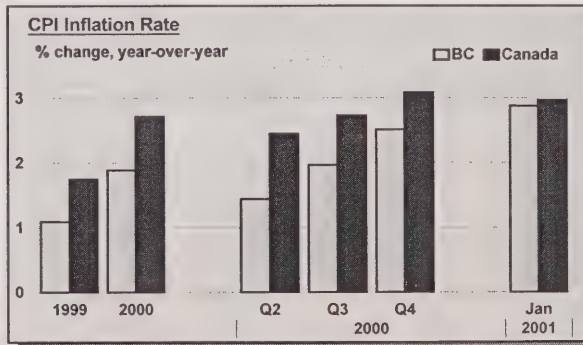
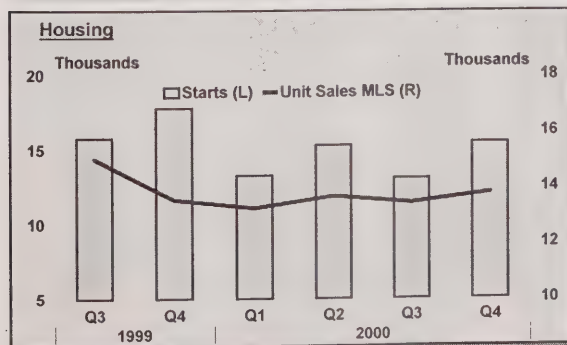
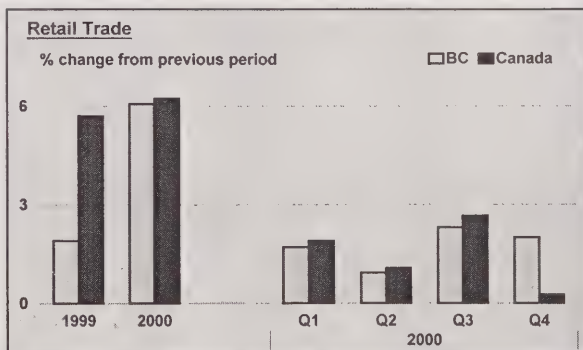
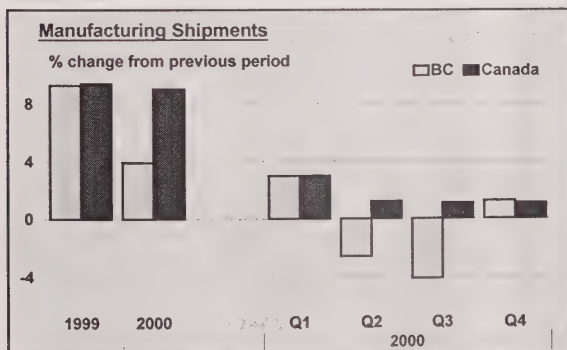
- Higher output in the wood and electrical & electronic products industries were the main contributors to the rise in manufacturing shipments in the fourth quarter.
- Led by the pulp and paper industry, manufacturing shipments rose 3.9% overall in 2000.

...and consumer spending improves further

- Retail activity rose 2.0% in the fourth quarter, a rate well above the national average. Demand for durable goods was still strong despite a decline in consumer confidence. Retail sales grew 6.1% in 2000, compared with 1.9% the previous year.
- Strong income growth also provided stimulus for housing starts and home resales in the fourth quarter.

Inflation still below the national average

- In the fourth quarter, consumer price inflation continued to increase at a slower pace than the national average. Nonetheless, the inflation rate reached 2.5% on a year-over-year basis. Higher prices for transportation and shelter were the main contributors to the increase.
- At 1.9%, B.C.'s inflation rate was the lowest among all provinces in 2000. Lower food prices had a dampening effect on consumer price inflation.







Labour Markets

Employment growth surpasses the national average in the fourth quarter...

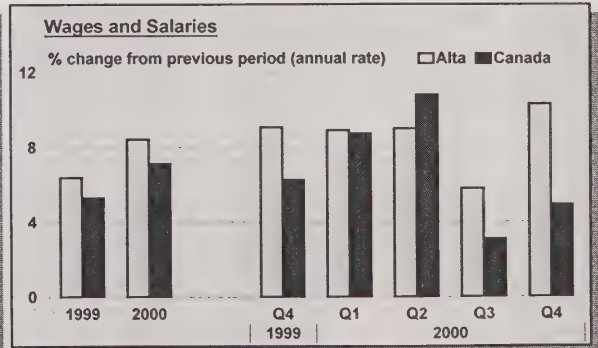
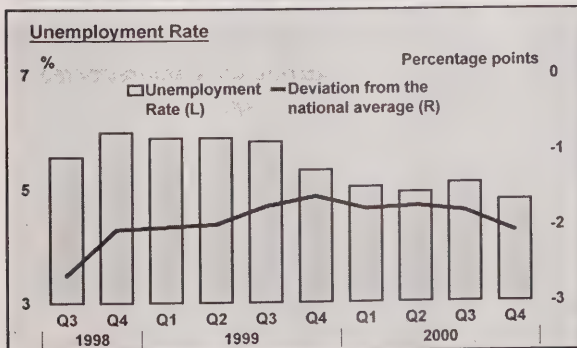
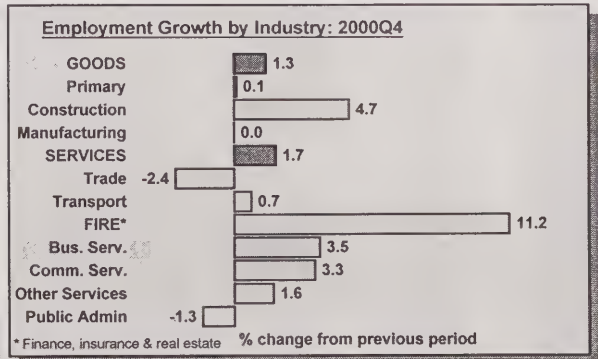
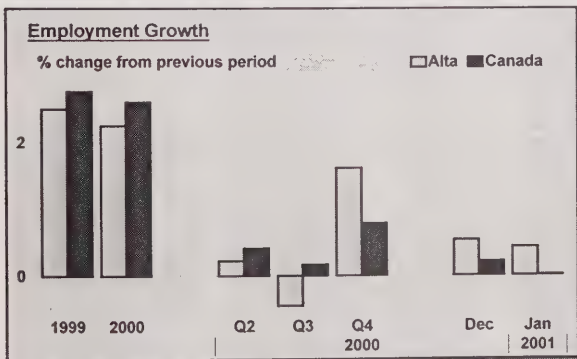
- Employment increased 1.6% in the fourth quarter, mainly on the strength of gains in full-time jobs. While employment rose in both the goods and services-producing industries, growth was led by finance, insurance & real estate, construction, and business services. For the year 2000, employment increased 2.2% with full-time jobs accounting for all of the increase.
- On a monthly basis, employment edged up in December and January with gains occurring largely in business services, primary industries, and construction.

...leading to a lower unemployment rate

- As a result of these employment gains, the unemployment rate fell to 4.8% in the fourth quarter, the lowest rate since 1981.
- Alberta's unemployment rate was 2.1 percentage points below the national rate in the fourth quarter, compared with 1.6 points the year before.

Income growth increases further

- Wages and salaries recorded double-digit growth in the fourth quarter. Growth was largely attributable to higher full-time employment. Income growth in 2000 reached 8.4%, supported by higher full-time employment and average hourly earnings.





Economic Activity and Prices

Manufacturing activity picks up...

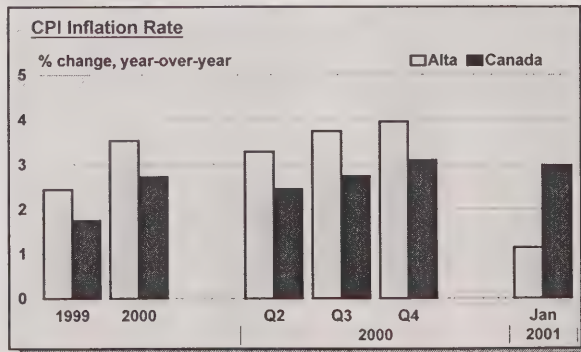
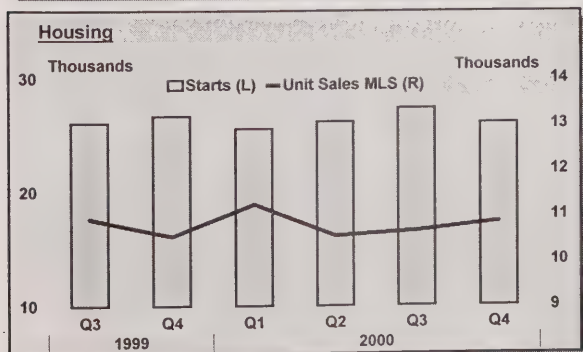
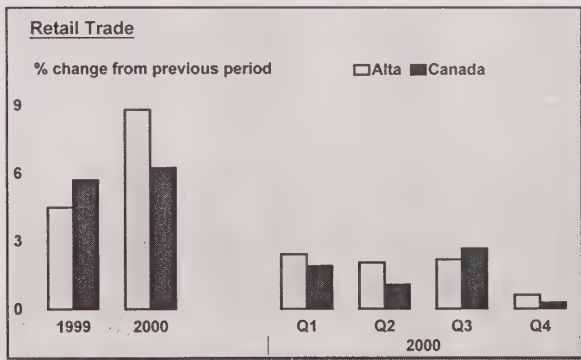
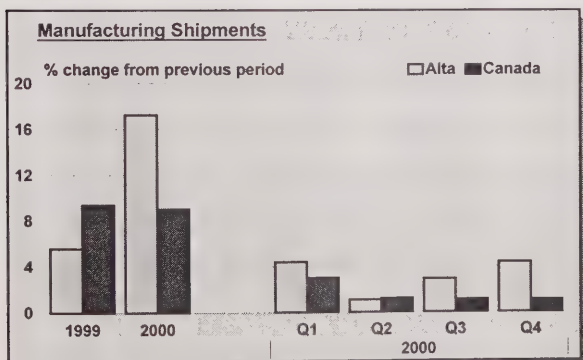
- Industrial production increased 4.4% in the fourth quarter, as shipments of petroleum & chemical products and machinery rose substantially. In 2000, manufacturing shipments increased 17.3%, the second highest provincial growth.

...while consumers continue to spend...

- Retail sales rose by 0.6% in the fourth quarter, faster than the national average, but below growth in the previous quarter. The increase was led by the furniture sector and general merchandise stores. At 8.8%, retail sales growth in Alberta was the highest of all provinces in 2000.
- Sales of new and existing homes both remained strong in the fourth quarter.

...and inflation rises to 3.9%

- Alberta's inflation rate rose to 3.9% on a year-over-year basis in the fourth quarter. Higher shelter and transportation costs were the main contributors to the increase. In January, the year-over-year inflation rate retreated to 1.1% as shelter cost declined.
- In 2000, the CPI index rose 3.5%, well above the national average and 1.1 percentage points more than the previous year.





Labour Markets

Employment recovers in the fourth quarter...

- Employment edged up 0.3% in the fourth quarter, only partly recouping losses in the previous two quarters. Job gains occurred largely in manufacturing, public administration, and transport. For the year as a whole, employment increased 1.0%, well below the national average.
- On a monthly basis, employment increased 0.9% in January with gains concentrated in the goods-producing industries.

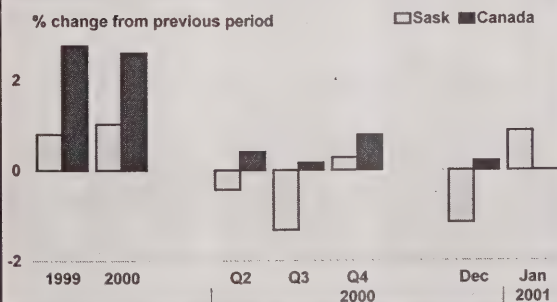
...nudging down the unemployment rate...

- The unemployment rate fell 0.3 percentage points to 5.3% in the fourth quarter, dropping Saskatchewan's rate 1.6 points below the national average.

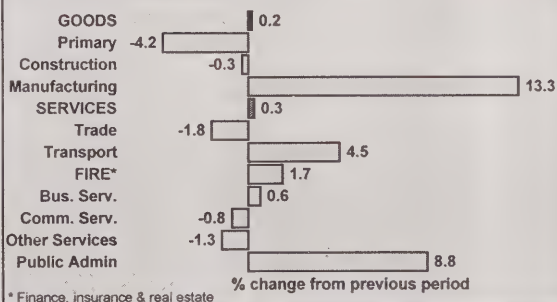
...and pushing up incomes

- Wage and salary growth rose to 4.6% (annual rate) in the fourth quarter, largely as a result of further increase in full-time employment and average hourly earnings. In 2000, income growth reached 6.1%, more than twice the previous year's rate.
- Farm cash receipts, which are not included in earnings, rose 5.9% in 2000. Most of the increase was due to higher payments under the new Canada-Saskatchewan Adjustment Program, designed to provide assistance to farmers during periods of low prices.

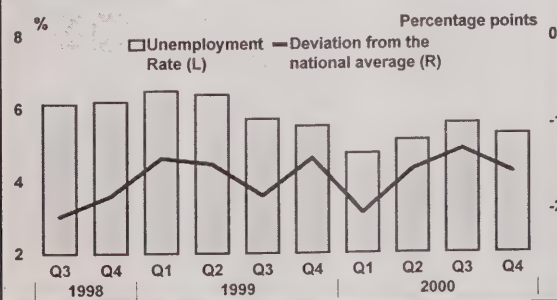
Employment Growth



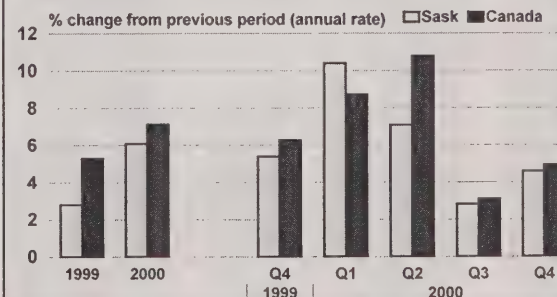
Employment Growth by Industry: 2000Q4



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Manufacturing activity strengthens in the fourth quarter...

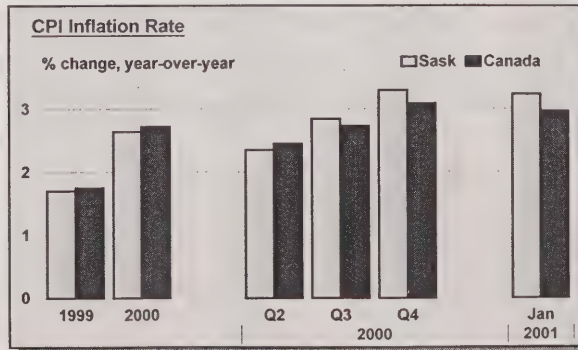
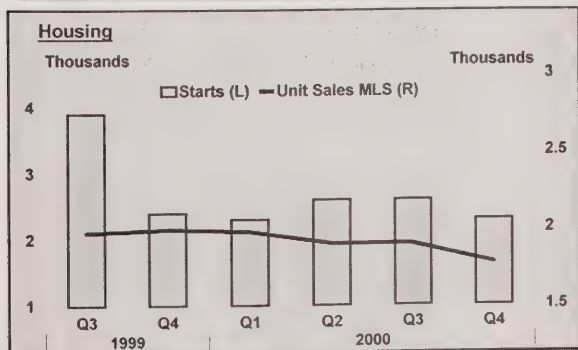
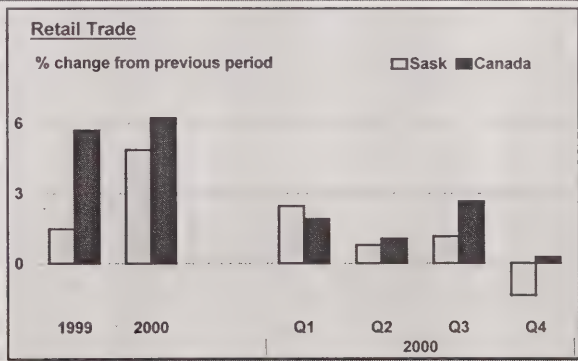
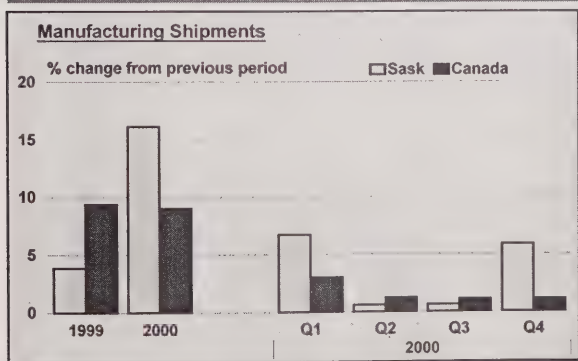
- Higher production of electrical and wood products helped sustain manufacturing activity in the fourth quarter. Led by a surge in electrical & electronic products, shipments increased 16.1% in 2000, 7 percentage points above the national average,

...but household expenditures weaken

- Retail activity dropped 1.4% in the fourth quarter with automotive, clothing, and furniture accounting for most of the decline. However, retail sales increased 4.9% in 2000, a significant improvement over recent years.
- Housing starts and home resales decreased in the fourth quarter, in line with lower consumer confidence.

Shelter and transportation costs boost inflation to 3.3%

- On a year-over-year basis, consumer prices rose to 3.3% in the fourth quarter. Higher prices for shelter and transportation were the main contributors to the increase. In 2000, the CPI inflation rate stood at 2.6%, a rate similar to the national average.
- Higher prices for transportation and food kept inflation close to the 3% mark in January.





Labour Markets

Employment growth edges down in the fourth quarter...

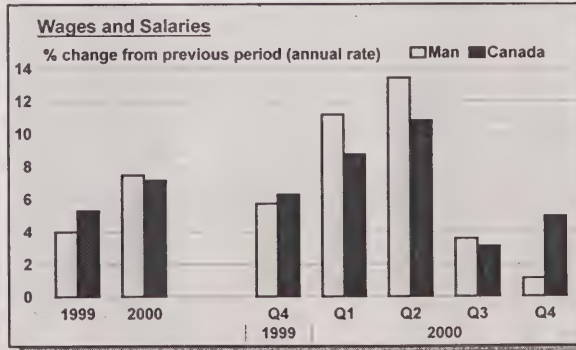
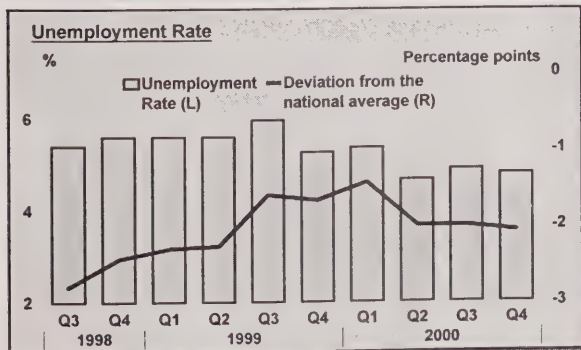
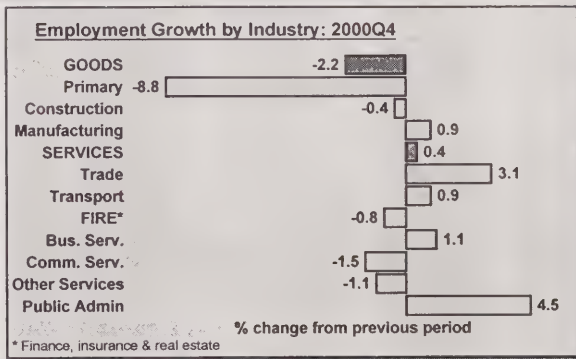
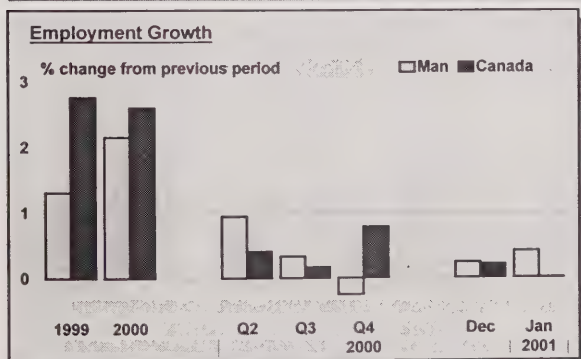
- Employment fell by 0.3% in the fourth quarter, as more job losses were recorded in the ailing agriculture sector. Employment grew 2.2% in 2000, compared with a modest 1.3% in 1999. A significant number of jobs were created in manufacturing and health services, offsetting major losses in the agriculture sector.
- In January, employment grew a further 0.4%, with a strong contribution from the professional and other services categories.

...but the unemployment rate remains the lowest in the country

- The unemployment rate edged down to 4.8%, as the number of job seekers declined in the fourth quarter. Along with Alberta, this was the lowest in the country, 2.1 percentage points below the national average.

Wage and salary growth slows

- Growth in wages and salaries was particularly strong in the first half of the year, owing mainly to the federal pay equity payments. A marked deceleration was observed in the fourth quarter, accentuated in part by the decline in employment.
- Farm cash receipts were up 5.5% in 2000. Livestock receipts for hogs were strong, as prices soared and production expanded further. Most of the increase in program payments came from the Canada-Manitoba adjustment program, which is designed to help farmers adjust to the elimination of transportation subsidies at a time of low prices. In 2000, prices for grain and oilseeds were below their averages for the 1990s.





Economic Activity and Prices

Manufacturing activity expands further...

- Higher shipments of durables led gains in the fourth quarter, with the non-metallic minerals and furniture industries posting the sharpest increases.
- However, for 2000 as a whole, the rebound came entirely from non-durable goods industries, led by sharp increases in the value of shipments in the food and paper sectors. The largest declines in durable goods were reported by manufacturers of transportation equipment.

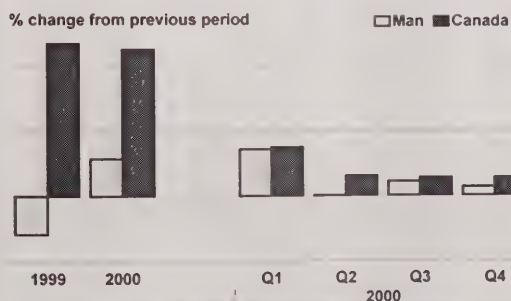
...while retailing weakens

- Retail sales were down 1.6% in the last quarter of 2000, owing largely to a decline in the automotive sector. While growth was up compared to 1999, Manitoba nonetheless recorded the slowest growth in retail sales among all provinces.
- Activity in the housing market remained virtually flat throughout 2000.

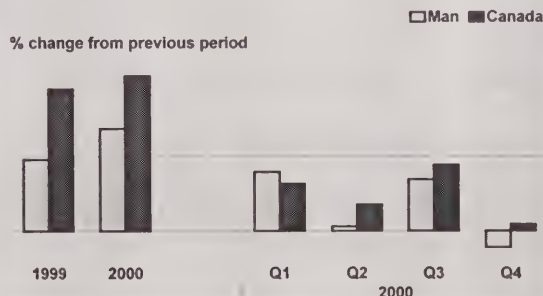
Inflation remains below the national average throughout the year

- Consumer prices in 2000 were 2.5% higher, on average, compared with the previous year. In the fourth quarter, CPI inflation edged up to 2.6%, with prices for household operations, food, shelter and health care all up roughly 3.5% compared with the fourth quarter of 1999.
- On a year-over-year basis, the CPI inflation rate was 2.3% in January 2001.

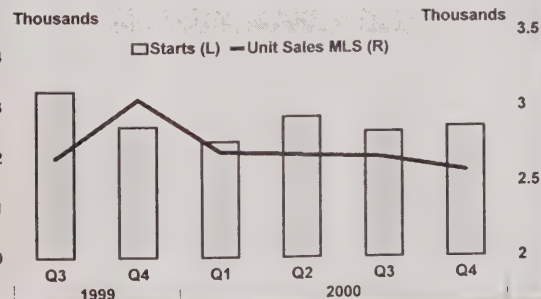
Manufacturing Shipments



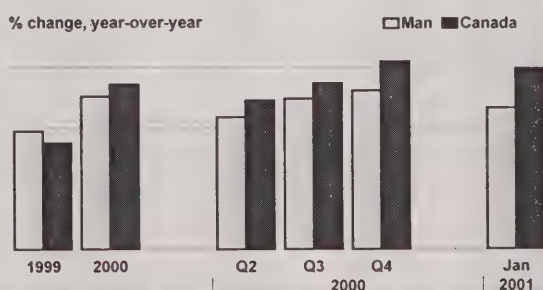
Retail Trade



Housing



CPI Inflation Rate







Labour Markets

Employment grows steadily in 2000...

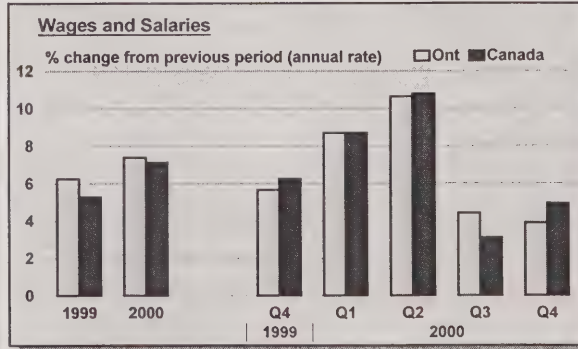
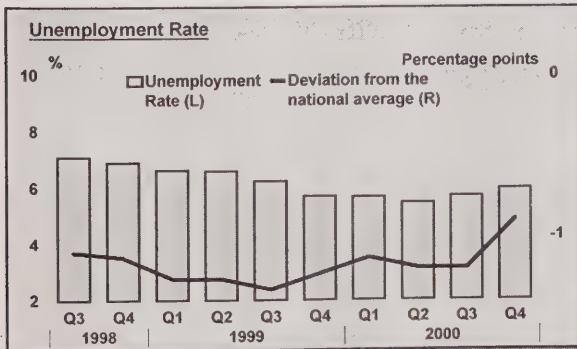
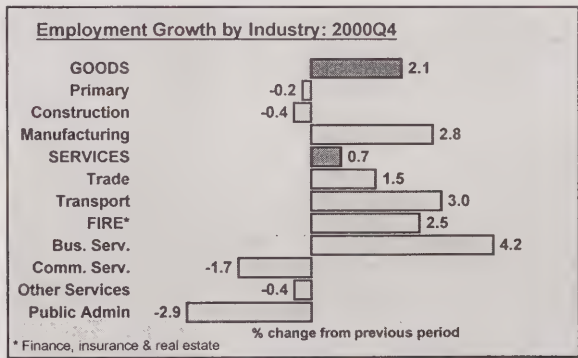
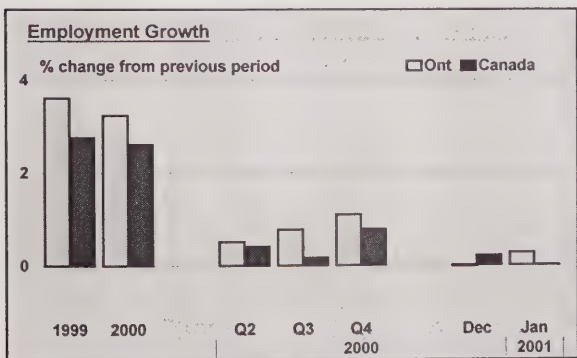
- Strong employment gains in manufacturing as well as in services related to the scientific and management sectors drove employment growth in the fourth quarter of 2000. Employment rose a healthy 3.2% overall in 2000, slightly below 1999's 3.6% gain. Both the goods and services industries contributed to strong employment growth.
- Employment paused in December but recovered in January, benefiting mainly from strength in trade and health care and social assistance. Employment fell in the important manufacturing sector.

...but a stronger expansion in the workforce drives unemployment up

- Reflecting strong employment, the labour force expanded more than 1% for the second consecutive quarter. As a result, the unemployment rate kept rising, reaching 6% in the fourth quarter compared with a low of 5.5% in the second quarter.
- With this increase in unemployment, Ontario's unemployment rate gap with the national average was reduced to 0.9 points in the fourth quarter.

Growth in wages and salaries remains strong

- Income growth slowed in the fourth quarter, but workers still enjoyed a strong 7.4% rise for the year as a whole, on the heels of an equally firm increase in 1999.





Economic Activity and Prices

Manufacturing activity weakens...

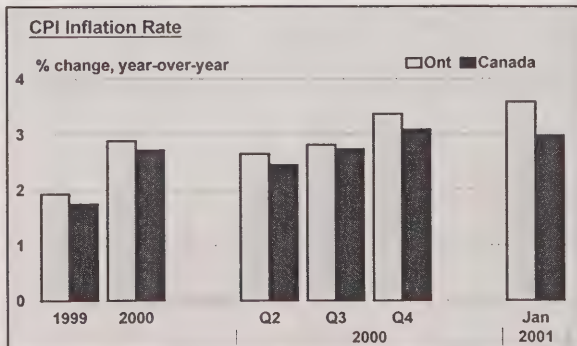
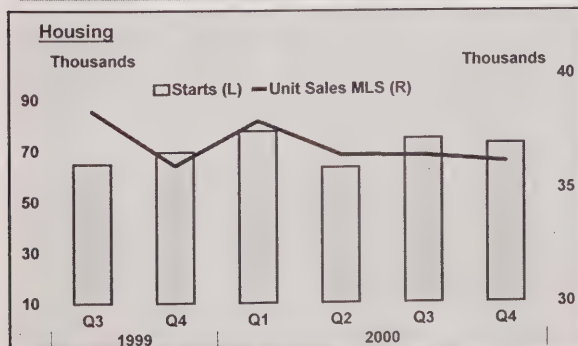
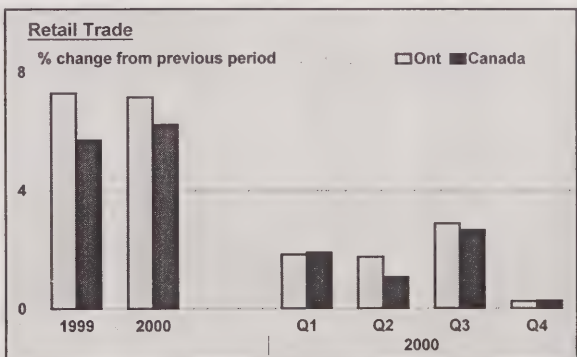
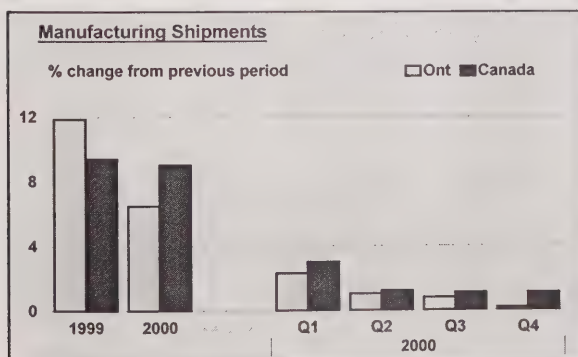
- In the fourth quarter, losses in the transportation equipment sector largely offset gains in shipments of non-durables.
- In 2000, growth in shipments in Ontario was cut almost in half to 6.5%, while manufacturing shipments increased 9% at the national level. This growth took place despite lower shipments of transportation equipment.

...and consumer expenditures cool down

- Retail sales maintained their vigorous pace in 2000, with the automotive sector accounting for about half of the 7.2% yearly increase. In the fourth quarter, however, a decline in automotive sales offset increases in other categories and left retail sales essentially unchanged from the previous quarter.
- While new housing increased a robust 6.4% in 2000 from their 1999 level, activity was lower in both the primary and resale markets in the fourth quarter.

Consumer prices rise alongside the national average

- In the fourth quarter, the CPI inflation stood at 3.4%, spurred mainly by higher shelter costs. Consumer inflation averaged almost 3% in 2000, with transportation prices rising nearly 5%. In January, the cost of shelter surged 5.7% year-over-year, pushing consumer prices 3.6% higher than in January 2000.







Labour Markets

Employment growth improves in 2000...

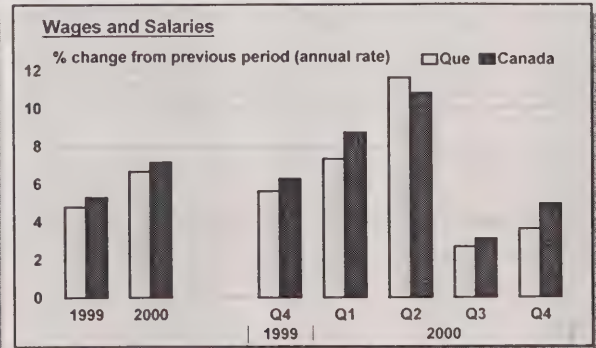
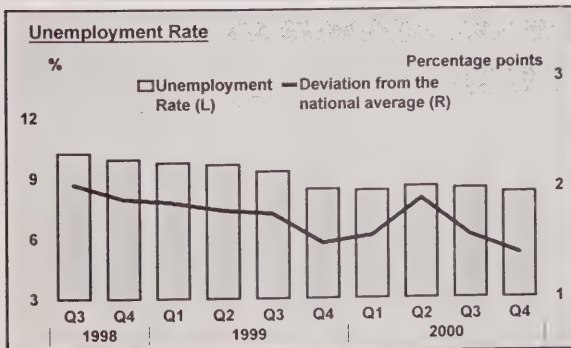
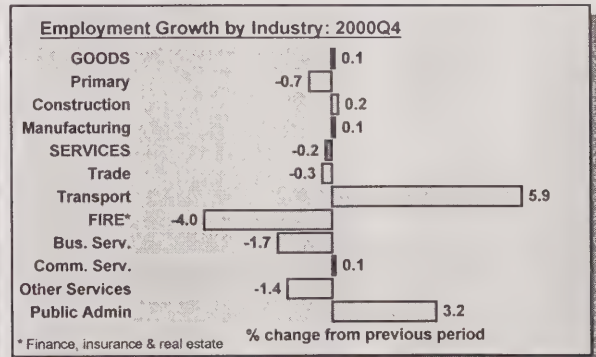
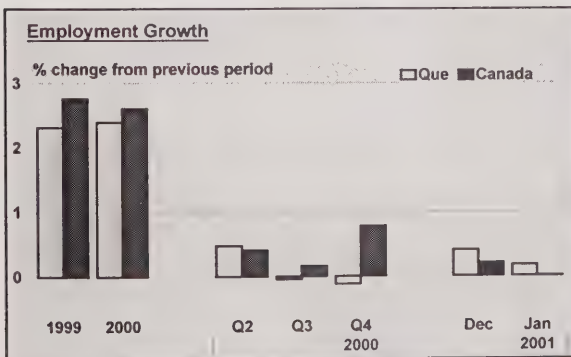
- Job losses in FIRE and management services contributed significantly to a 0.1% decline in employment in the fourth quarter. Despite a weak second half, employment grew 2.4% in 2000. Growth occurred mainly in service-producing industries, particularly in the management and health sectors. Goods-producing industries as a whole did not contribute to the gains, as job losses in manufacturing completely offset gains elsewhere.
- Employment edged up in January, with gains concentrated in education and public administration.

...contributing to lower the jobless rate compared with 1999

- The decline in employment was accompanied by a larger fall in the workforce, allowing the unemployment rate to drift down to 8.3% in the fourth quarter, 1.4 percentage points above the national average.
- The unemployment rate averaged 8.4% in 2000, down nearly a full percentage point from 1999.

Growth in wages and salaries matches the national average

- In the fourth quarter, wages and salaries were 3.6% higher than in the previous quarter on an annual basis, driven by higher average weekly earnings.
- Growth in wages and salaries followed closely the national trend throughout 2000. For the year, wages and salaries grew 6.7%, compared with 4.8% in 1999. The marked increase in the second quarter was attributable to federal pay equity payments.





Economic Activity and Prices

Industrial activity soars in 2000...

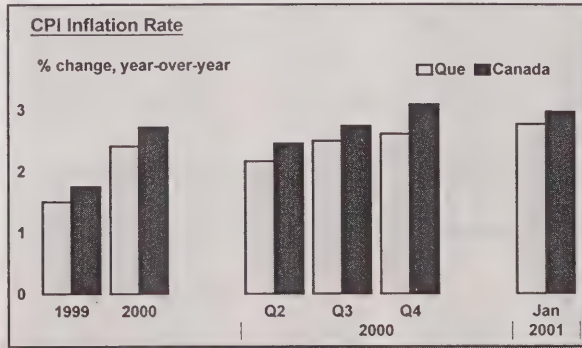
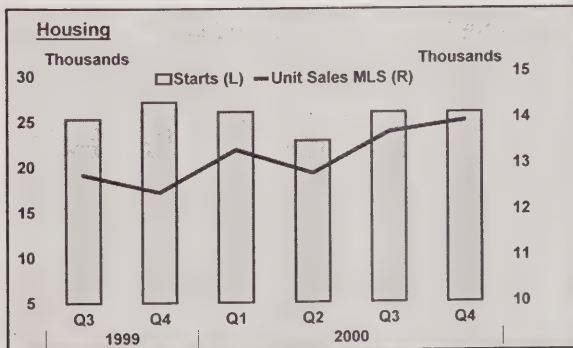
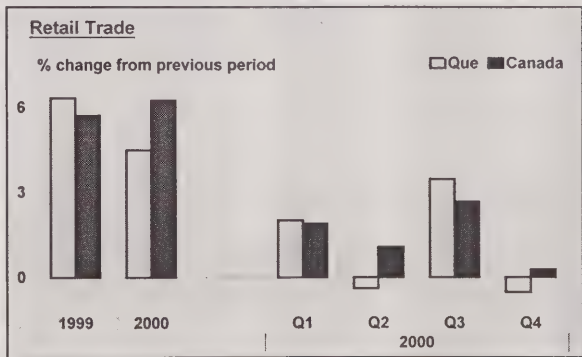
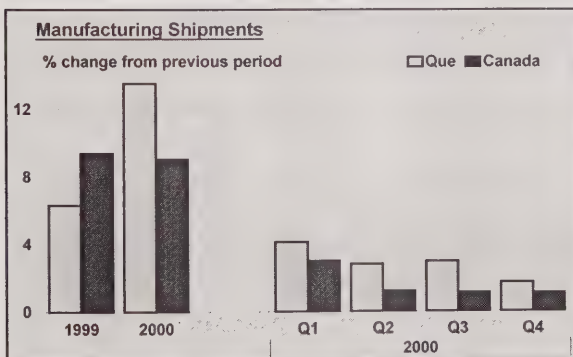
- In the fourth quarter, the paper, wood and primary metals sectors were major contributors to the slowdown in the value of manufacturing shipments.
- Manufacturers' shipments were 13.5% higher in 2000, almost twice the rate observed in 1999. Besides petroleum products, shipments of electrical products and transportation equipment were by far the categories with the largest increases.

...while retailing does not keep pace

- Reflecting both lower employment and consumer confidence, retail sales declined 1.3% in the fourth quarter. Sales in the automotive sector fell the most. Although growth was volatile throughout 2000, retail sales were up 4.5% in 2000.
- House resales rose further in the fourth quarter, while new starts leveled off. For the year as a whole, new starts edged down while resale increased by about 8%.

Consumer inflation remains under control for the year

- Consumer prices were up 2.4% in 2000 compared to their 1999 level. Energy prices were largely responsible for the increase. Prices for clothing and household operations, however, were lower than in the previous year.
- Energy prices pushed inflation even higher in January, to 2.8% on a year-over-year basis.



An outline map of Atlantic Canada, showing the provinces of New Brunswick, Nova Scotia, and Prince Edward Island, along with the Gulf of St. Lawrence and the Bay of Fundy. The map is rendered in a light gray tone against a white background.

Atlantic Canada



Labour Markets

Services support employment growth...

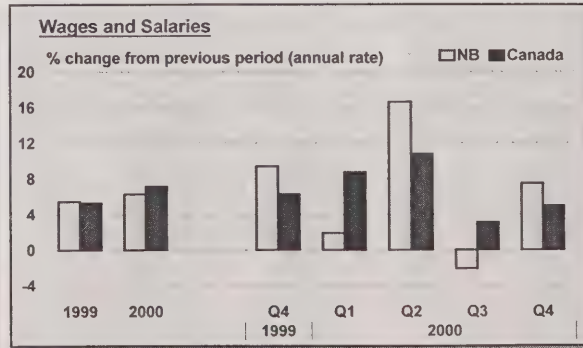
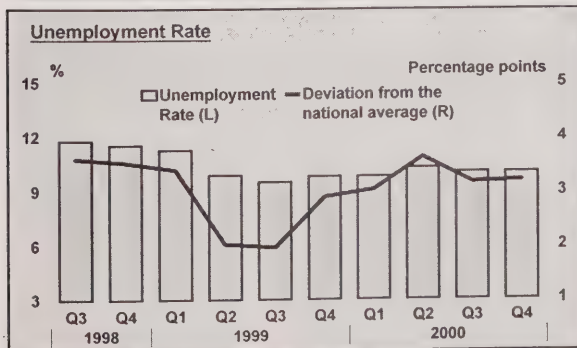
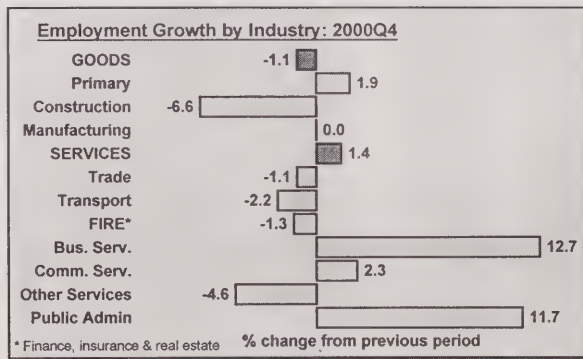
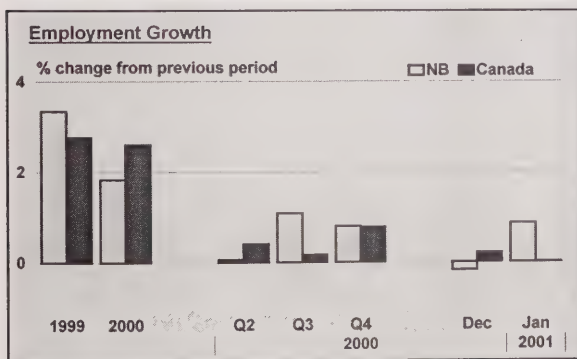
- Employment gains in services related to the management, scientific and public administration sectors explained most of the growth in the fourth quarter. Employment in the goods producing industries fell as a result of a sharp decline in construction.
- Employment grew 1.8% in 2000, a pace slower than in 1999. This slowdown was largely influenced by the weakness recorded in the second quarter. The strength in the second half of the year came largely from the agriculture sector, and management and public administration services.
- Employment rose 0.9% in January of 2001, driven entirely by gains in the service sector.

...but the unemployment rate is unchanged

- Employment gains were offset by an increase in the number of people seeking work, leaving the unemployment rate unchanged at 10.1% in the fourth quarter. Since the national unemployment rate was also unchanged, New Brunswick's rate stayed 3.2 percentage points above the national average.

Income growth recovers

- Growth in employment and average weekly earnings raised wages and salaries in the fourth quarter. Wages and salaries were 6.3% higher in 2000, compared with 5.5% in the previous year. The strong increase observed over the middle of the year reflects the impact of the one-time federal pay equity settlements on income.





Economic Activity and Prices

Manufacturing shipments soar in 2000...

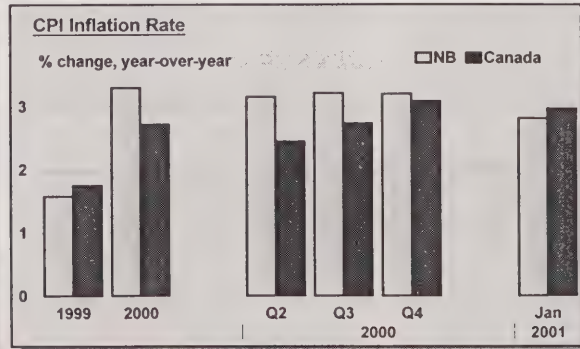
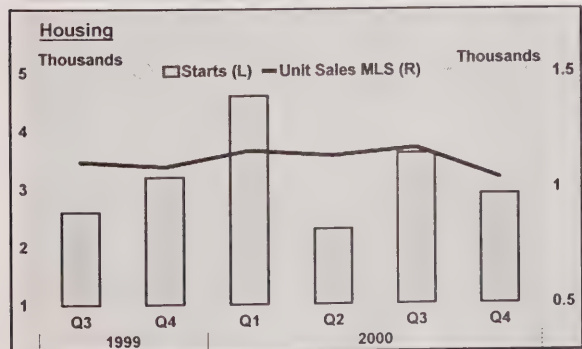
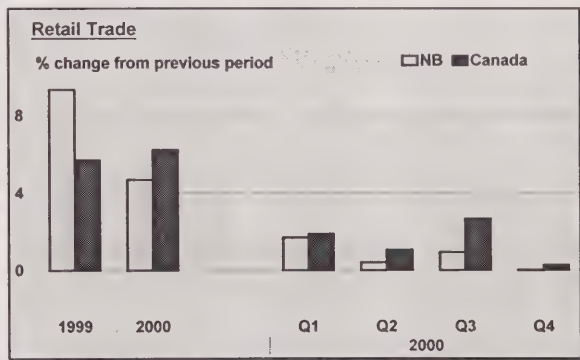
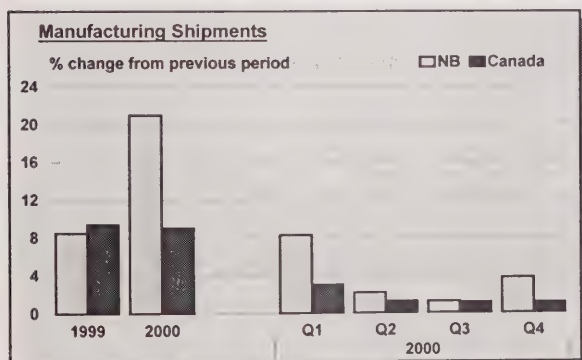
- In the fourth quarter, non-durable goods were the key driver behind the growth in shipments. Significant gains were posted in the printing, chemical and paper industries.
- At 21%, the growth in manufacturing shipments for 2000 was fastest among all provinces and more than double that of the previous year. The surge came from remarkable gains in the paper and printing industries:

...while retailing slowed markedly

- Consumer spending was flat in the fourth quarter, despite higher incomes and employment. Only furniture and general merchandise store sales recorded gains during this period.
- Both housing starts and resales fell in the fourth quarter.

CPI inflation was above 3% for the year

- Consumer prices rose 3.3%, on average, in 2000, about twice the previous yearly increase. The energy-sensitive shelter and transport sectors posted the highest increases. Prices for clothing, however, were slightly below their 1999 level.





Labour Markets

Employment rebounds in the fourth quarter...

- Employment rose 0.8% in the fourth quarter, due entirely to widespread gains in the goods sector. In the services sector, losses in transport, FIRE, business services and other services offset gains in trade, public administration, and community services.
- In 2000, employment grew 2.7%, with most of the gains in the first half of the year.
- Employment fell sharply in January following a healthy rise in December. The decline was widespread across goods and service industries.

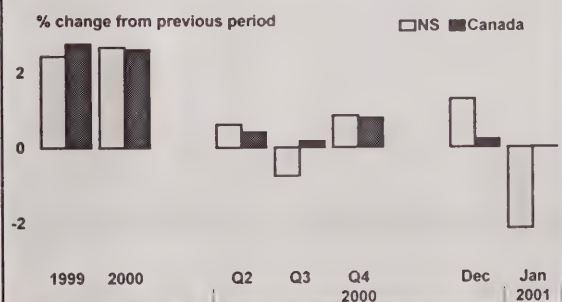
...resulting in a lower unemployment rate...

- Higher employment nudged the unemployment rate down to 9.2% in the fourth quarter. Nova Scotia's unemployment rate was 2.4 percentage points above the national average, a slightly smaller gap than in the previous quarter.

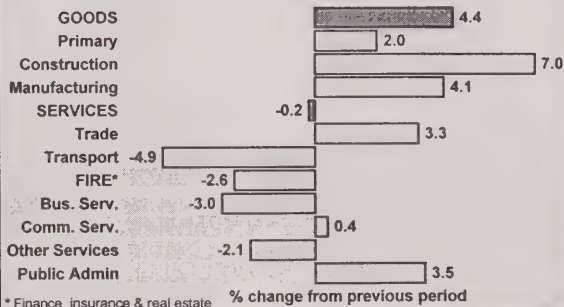
...and increased earnings

- Wages and salaries rose 5.0% (annual rate) in the fourth quarter, reflecting higher employment growth. Despite a weak third quarter, annual growth nearly matched the national average.

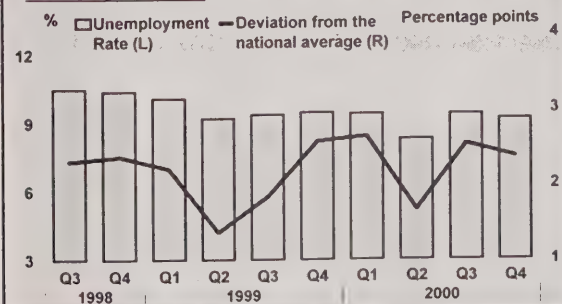
Employment Growth



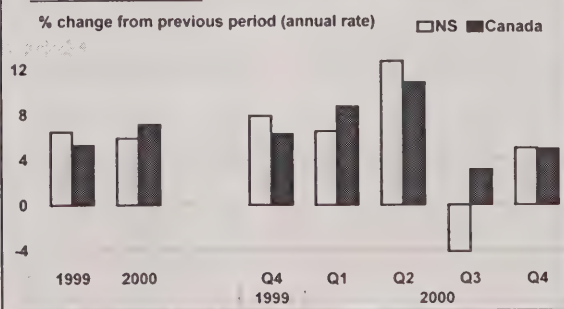
Employment Growth by Industry: 2000Q4



Unemployment Rate



Wages and Salaries





Economic Activity and Prices

Industrial activity slows in the fourth quarter...

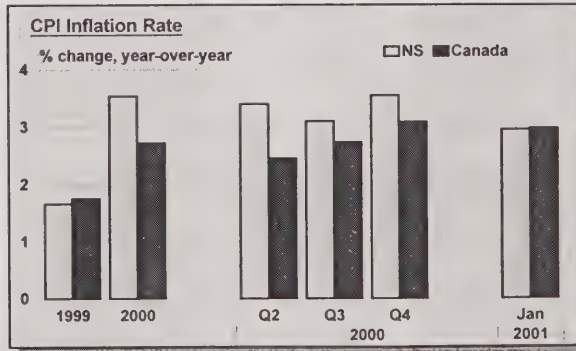
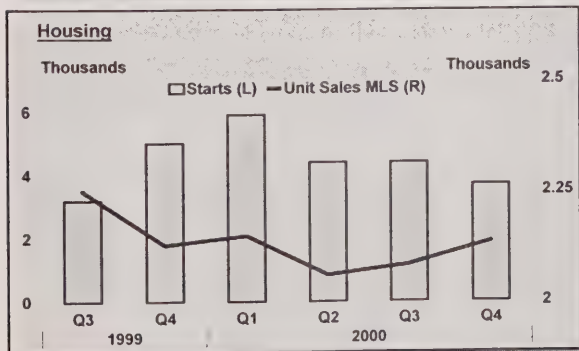
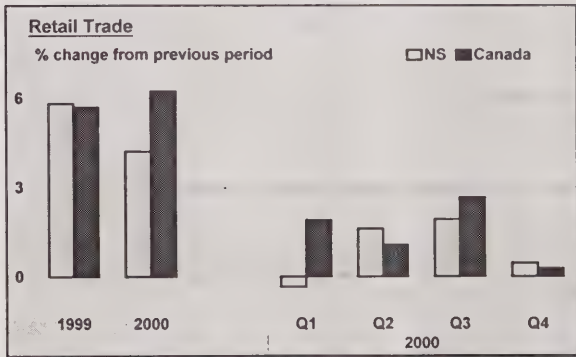
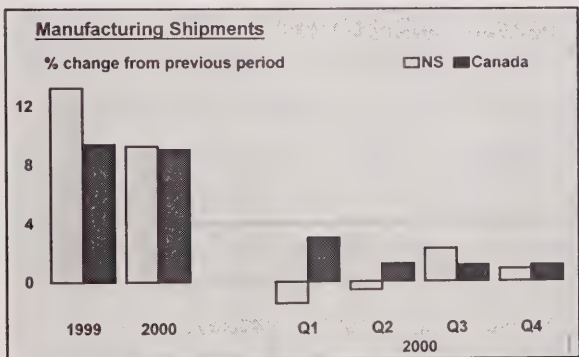
- Growth in manufacturing shipments fell below the national average in the fourth quarter. Lower shipments of non-metallic minerals, wood, and paper products partly offset increased shipments of machinery, transportation equipment, and fabricated metals.

...as does consumer spending

- Lower sales of automotive and clothing products dampened retail trade growth in the fourth quarter. Retail sales grew at a slower pace in 2000.
- Housing starts retreated further in the fourth quarter, dropping nearly 40% below the first quarter level. Sales of existing homes, however, continued to recover from their second quarter trough.

CPI inflation rises further

- The CPI inflation rate in Nova Scotia stood at 3.5% in the fourth quarter. Price increases were widespread across major categories, but transportation and shelter accounted for much of the rise.
- The year-over-year CPI inflation rate edged down to 2.9% in January.





Labour Markets

Employment weakens in the fourth quarter...

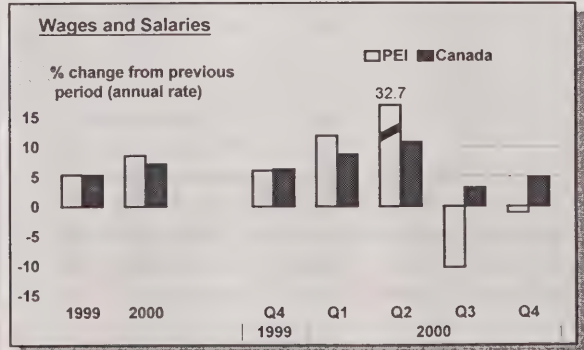
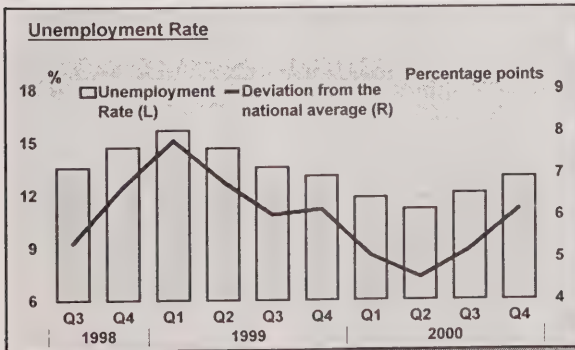
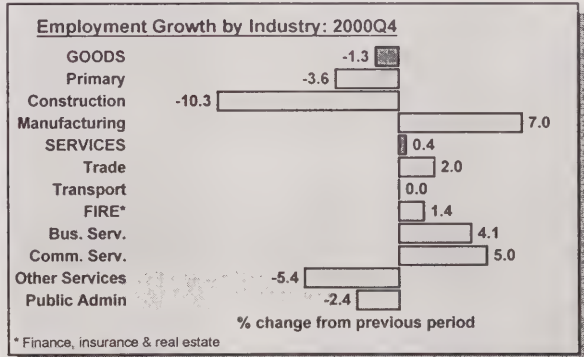
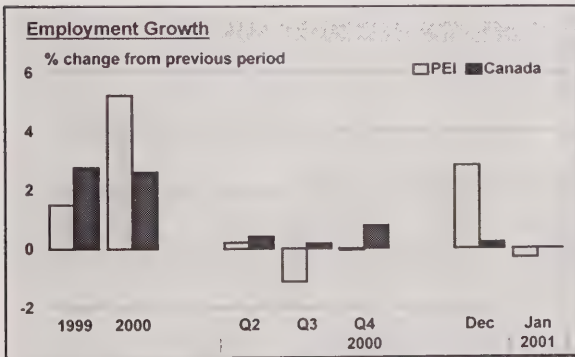
- Employment decreased further in the fourth quarter but to a far lesser degree than in the previous quarter, thanks to a sharp increase in employment growth in December. The overall fourth quarter decline was concentrated in the goods sector where job losses in the construction and primary industries offset gains in manufacturing. In the services sector, job gains in community services, business services, and trade, offset job losses in public administration and other services. Overall employment growth in PEI surged to 5.2% in 2000, twice the rate of the national average.
- Employment edged down in January, with job losses in manufacturing.

...driving up the unemployment rate...

- Job losses were accompanied by a rising labour force, raising PEI's unemployment rate to 13.0% in the fourth quarter, up 0.9 percentage points. The PEI rate is 6.1 percentage points above the national average.

...and income growth down

- Wages and salaries fell 1.0% (annual rate) in the fourth quarter, in line with the employment decline. Nonetheless, income grew 8.6% in 2000, reflecting in large part the strong impact of the one-time federal pay equity settlement in the second quarter.





Economic Activity and Prices

Industrial activity strengthens in the fourth quarter...

- Manufacturing shipments grew further in the fourth quarter, supported by a large increase in shipments of machinery products and transportation equipment. These gains more than offset lower shipments of paper, wood, and non-metallic minerals. Despite a strong second half, shipments declined slightly overall in 2000.

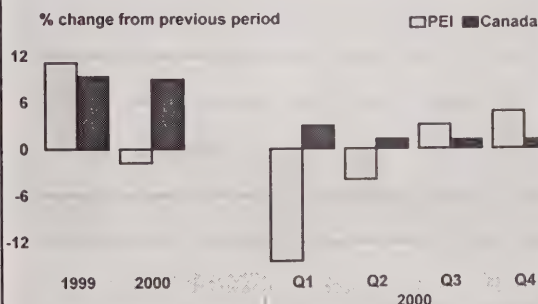
...while consumer spending falls

- Retail activity in PEI dropped in the fourth quarter due largely to losses in the clothing and automotive sectors. In 2000 as a whole, retail trade grew above the national average, reflecting higher income growth.
- The housing market recovered further in the fourth quarter. Housing starts nearly doubled compared with the trough of the second quarter, and sales of existing homes also rose further.

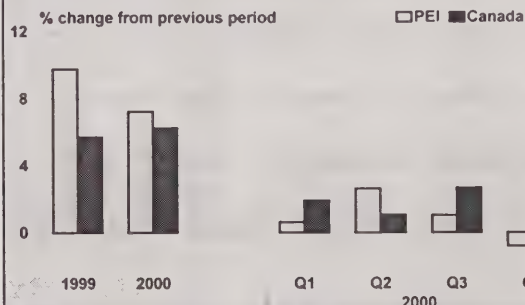
Inflation remains high

- Although PEI's CPI inflation rate decreased to 4.2% in the fourth quarter, it remained well above the national average for the fifth straight quarter as a result of larger increases in food and shelter prices. Inflation in January rose further to 4.6%.

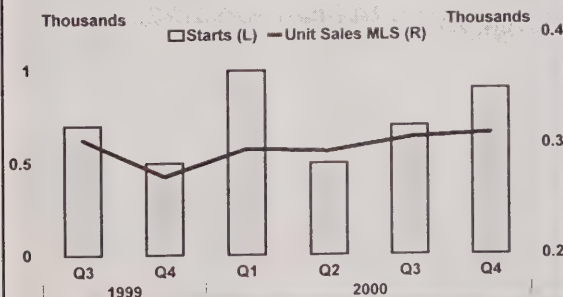
Manufacturing Shipments



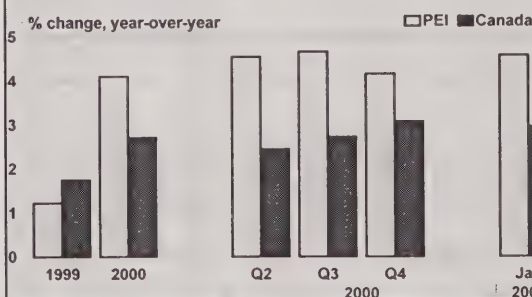
Retail Trade



Housing



CPI Inflation Rate





Labour Markets

Employment growth recovers in the fourth quarter...

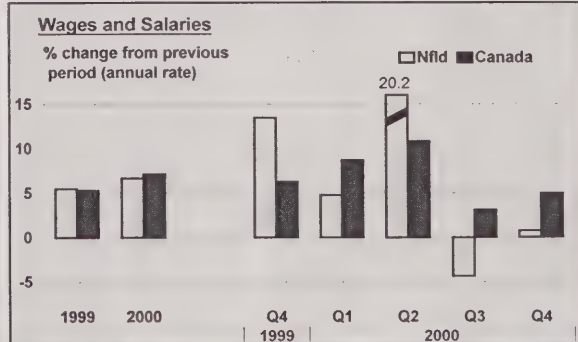
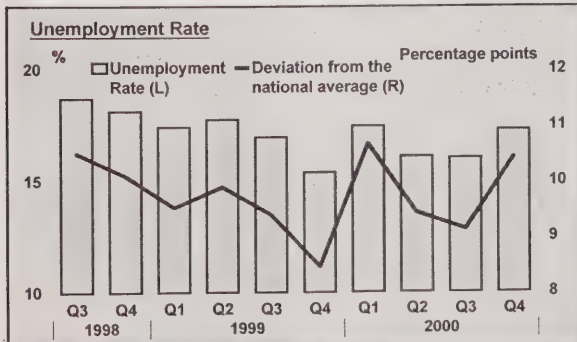
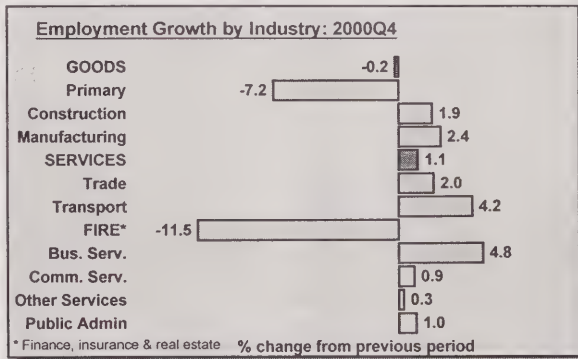
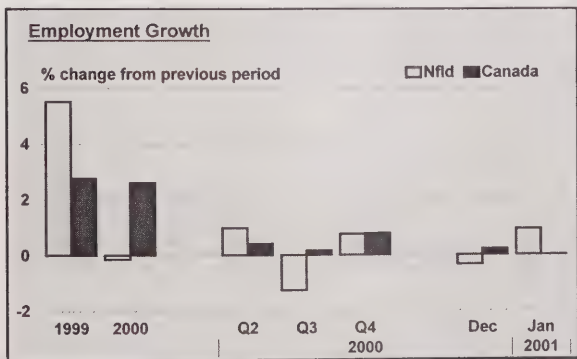
- Newfoundland's employment rose by 2,000 in the fourth quarter, following a loss of 1,000 jobs in the previous quarter. Much of the recovery was concentrated in the services sector, where job losses in FIRE were offset by gains in all other major categories. Employment fell marginally in the goods producing sector as a significant decline in primary industries more than offset increases in construction and manufacturing.
- Employment edged down 0.1% for the year as a whole. This follows three years of solid growth which saw employment rise to near its peak of the early nineties.
- Employment growth resumed in January, following a brief downturn in December.

...while the unemployment rate rises...

- The employment rebound was accompanied by a larger increase in the labour force, pushing up the unemployment rate 1.3 percentage points to 17.3%. Newfoundland's unemployment rate was 10.4 points above the national average in the fourth quarter.

...and growth in earnings picks up

- Wages and salaries recovered in the fourth quarter as both employment and average hourly earnings rose. For the year as a whole, income grew at a rate near the national average.





Economic Activity and Prices

Industrial activity weakens in the fourth quarter...

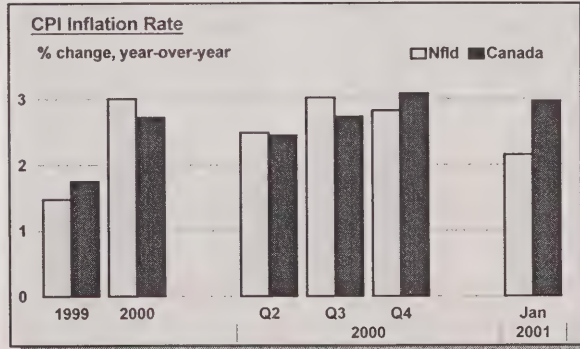
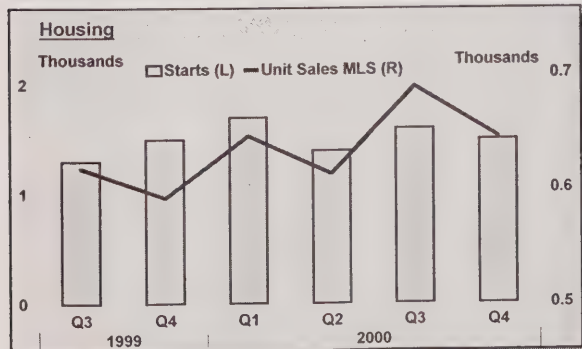
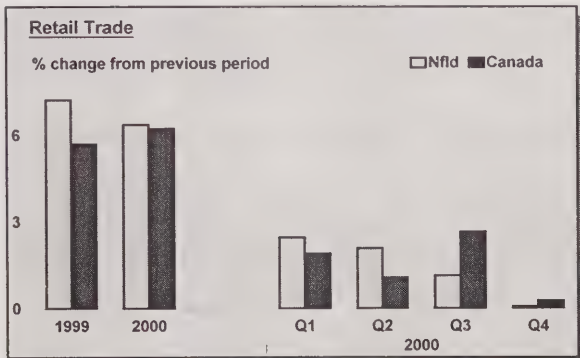
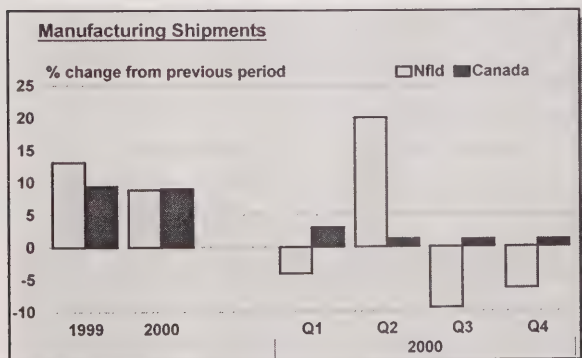
- Manufacturing activity retreated further in the fourth quarter of the year. Shipments of machinery, fabricated metal, and food products accounted for most of the fall. However, shipments grew 8.9% overall in 2000, close to the national average.

...accompanied by a slowdown in consumer spending

- Growth in retail sales, which slowed throughout the year, was down to zero in the fourth quarter mostly because of lower sales of automotive products.
- The housing market also weakened in the fourth quarter as both new starts and sales of existing homes fell.

CPI inflation edges down

- Newfoundland's inflation rate declined to 2.8% in the fourth quarter, somewhat lower than the national average. The drop in inflation was largely the result of lower prices for food and household products. In January, Newfoundland's inflation rate drifted further down to 2.2%.





A word of caution:

Data for the Territories are less reliable than for the Provinces because of the small size of the samples. They are, therefore, subject to large revisions.

Economic Activity and Prices

Strong employment growth...

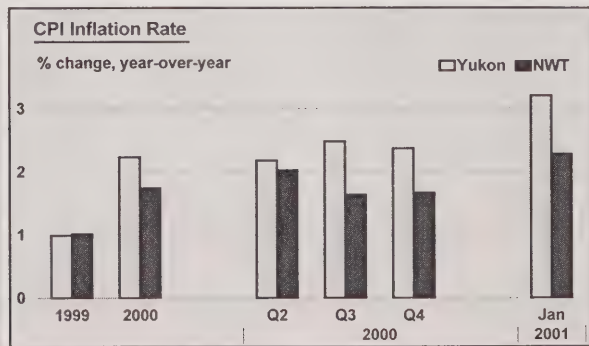
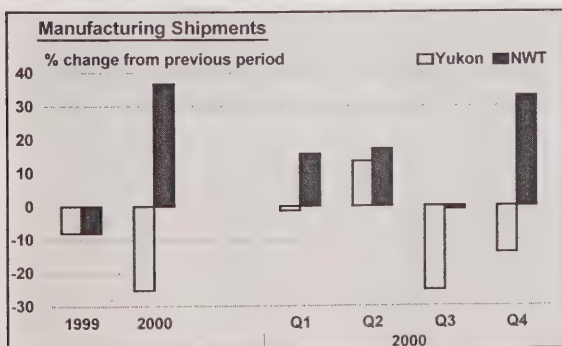
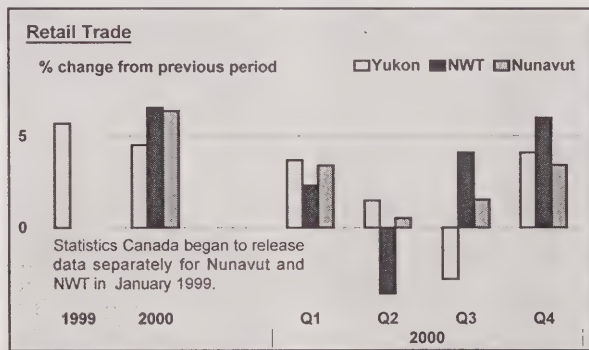
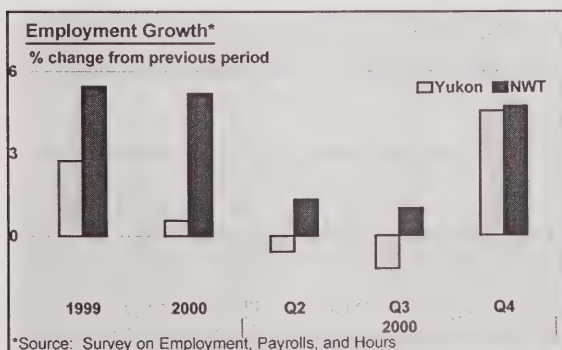
- Employment increased further in the fourth quarter in the Northwest Territories as both goods and services-producing industries recorded gains. In 2000, employment rose as a result of large gains in community, business & personal services.
- Employment recovered in Yukon led by job gains in services-producing industries. For the year as a whole, employment grew marginally in Yukon.


...leads to higher household expenditures

- Household expenditures were up 6.0% in the Northwest Territories, 3.4% in Nunavut and 4.1% in Yukon in the fourth quarter.
- Manufacturing shipments recorded double-digit growth in the Northwest Territories in the fourth quarter, while they decreased in Yukon.

CPI inflation remains well below the national average

- The annual rise in consumer prices remained well below the national average in the fourth quarter for both Yukon (2.4%) and the Northwest Territories (1.7%). In January, the CPI inflation rate reached 3.2% in Yukon and 2.3% in the Northwest Territories.





STATISTICAL APPENDIX

Key Provincial Data

	1999	2000	2000Q3	2000Q4	Dec. 2000	Jan. 2001
BRITISH COLUMBIA						
Mfg Shipments (\$M)	37,034.0	38,479.3	9,325.1	9,440.8	3,154.8	N/A
% change (1)	9.3	3.9	-4.1	1.2	-0.5	N/A
Retail Trade (\$M)	33,672.1	35,713.8	9,004.9	9,184.4	3,108.0	N/A
% change	1.9	6.1	2.3	2.0	1.0	N/A
Housing Starts (000's)	16.3	14.4	13.1	15.5	13.1	20.6
Labour Force (000's)	2,079.1	2,099.7	2,101.7	2,118.9	2,122.8	2,097.1
% change	1.4	1.0	0.6	0.8	0.5	-1.2
Employment (000's)	1,906.4	1,949.1	1,942.6	1,965.5	1,972.5	1,942.5
% change	1.9	2.2	-0.3	1.2	0.4	-1.5
Unemployment Rate (%)	8.3	7.2	7.6	7.3	7.1	7.4
Participation Rate (%)	65.1	64.9	64.8	65.1	65.2	64.4
CPI Inflation	1.1	1.9	2.0	2.5	2.4	2.9
ALBERTA						
Mfg Shipments (\$M)	35,273.6	41,362.4	10,400.6	10,853.3	3,622.0	N/A
% change (1)	5.6	17.3	2.9	4.4	0.8	N/A
Retail Trade (\$M)	29,323.9	31,905.4	8,089.2	8,138.5	2,733.9	N/A
% change	4.5	8.8	2.2	0.6	0.4	N/A
Housing Starts (000's)	25.4	26.3	27.4	26.1	26.3	28.9
Labour Force (000's)	1,647.9	1,671.4	1,664.4	1,686.2	1,695.0	1,704.9
% change	2.7	1.4	-0.3	1.3	0.4	0.6
Employment (000's)	1,553.3	1,588.2	1,579.5	1,605.0	1,613.0	1,619.9
% change	2.5	2.2	-0.4	1.6	0.5	0.4
Unemployment Rate (%)	5.7	5.0	5.1	4.8	4.8	5.0
Participation Rate (%)	72.6	72.2	71.7	72.2	72.5	72.8
CPI Inflation	2.4	3.5	3.7	3.9	3.9	1.1
SASKATCHEWAN						
Mfg Shipments (\$M)	6,123.0	7,111.0	1,760.0	1,862.8	618.5	N/A
% change (1)	3.9	16.1	0.6	5.8	-1.3	N/A
Retail Trade (\$M)	7,734.6	8,110.3	2,050.2	2,022.0	674.9	N/A
% change	1.5	4.9	1.1	-1.4	-0.4	N/A
Housing Starts (000's)	3.1	2.5	2.6	2.3	1.6	2.0
Labour Force (000's)	511.0	511.7	509.9	509.7	506.1	512.2
% change	1.1	0.1	-0.8	0.0	-0.9	1.2
Employment (000's)	480.1	485.0	481.4	482.7	479.2	483.4
% change	0.8	1.0	-1.3	0.3	-1.2	0.9
Unemployment Rate (%)	6.1	5.2	5.6	5.3	5.3	5.6
Participation Rate (%)	67.0	67.0	66.8	66.8	66.3	67.1
CPI Inflation	1.7	2.6	2.8	3.3	4.0	3.2
MANITOBA						
Mfg Shipments (\$M)	10,365.4	10,603.9	2,658.9	2,672.6	886.4	N/A
% change (1)	-2.3	2.3	0.9	0.5	-0.1	N/A
Retail Trade (\$M)	9,023.5	9,394.5	2,377.5	2,362.0	790.4	N/A
% change	2.9	4.1	2.1	-0.7	0.3	N/A
Housing Starts (000's)	3.1	2.6	2.5	2.6	2.7	2.7
Labour Force (000's)	574.8	583.2	585.6	583.6	584.8	585.5
% change	1.4	1.5	0.5	-0.3	0.3	0.1
Employment (000's)	542.7	554.4	557.1	555.7	556.3	558.6
% change	1.3	2.2	0.3	-0.3	0.2	0.4
Unemployment Rate (%)	5.6	4.9	4.9	4.8	4.9	4.6
Participation Rate (%)	67.5	67.9	68.1	67.8	68.0	68.0
CPI Inflation	1.9	2.5	2.5	2.6	2.9	2.3

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Key Provincial Data

	1999	2000	2000Q3	2000Q4	Dec. 2000	Jan. 2001
ONTARIO						
Mfg Shipments (\$M)	268,447.9	285,845.8	71,892.7	72,012.3	23,817.5	N/A
% change (1)	11.8	6.5	0.8	0.2	-1.2	N/A
Retail Trade (\$M)	99,149.9	106,245.8	27,034.6	27,099.6	9,070.3	N/A
% change	7.3	7.2	2.9	0.2	0.5	N/A
Housing Starts (000's)	67.2	71.5	74.7	72.7	68.9	83.0
Labour Force (000's)	6,070.8	6,227.9	6,241.4	6,326.7	6,342.8	6,337.6
% change	2.6	2.6	1.0	1.4	0.0	-0.1
Employment (000's)	5,688.1	5,872.1	5,885.3	5,949.5	5,960.4	5,976.4
% change	3.6	3.2	0.8	1.1	0.0	0.3
Unemployment Rate (%)	6.3	5.7	5.7	6.0	6.0	5.7
Participation Rate (%)	66.6	67.2	67.1	67.7	67.8	67.6
CPI Inflation	1.9	2.9	2.8	3.4	3.5	3.6
QUEBEC						
Mfg Shipments (\$M)	114,110.1	129,526.7	32,931.0	33,495.2	11,044.5	N/A
% change (1)	6.3	13.5	3.0	1.7	-1.1	N/A
Retail Trade (\$M)	60,766.2	63,486.2	16,147.2	16,061.2	5,401.3	N/A
% change	6.3	4.5	3.5	-0.5	2.1	N/A
Housing Starts (000's)	25.7	24.7	26.0	26.0	23.0	25.7
Labour Force (000's)	3,701.6	3,753.2	3,761.2	3,749.1	3,753.3	3,782.4
% change	1.1	1.4	-0.2	-0.3	0.1	0.8
Employment (000's)	3,357.4	3,437.7	3,443.1	3,439.1	3,451.4	3,457.3
% change	2.3	2.4	0.0	-0.1	0.4	0.2
Unemployment Rate (%)	9.3	8.4	8.5	8.3	8.0	8.6
Participation Rate (%)	62.8	108.0	63.3	63.0	63.0	63.4
CPI Inflation	1.5	1.1	2.5	2.6	2.9	2.8
NEW BRUNSWICK						
Mfg Shipments (\$M)	8,762.1	10,599.4	2,655.0	2,753.9	943.8	N/A
% change (1)	8.5	21.0	1.2	3.7	3.1	N/A
Retail Trade (\$M)	6,607.6	6,917.4	1,739.2	1,738.9	581.9	N/A
% change	9.4	4.7	0.9	0.0	-0.5	N/A
Housing Starts (000's)	2.8	3.1	3.6	2.9	2.2	3.7
Labour Force (000's)	365.7	371.7	373.1	376.0	375.7	379.1
% change	1.1	1.6	0.8	0.8	-0.8	0.9
Employment (000's)	328.4	334.4	335.5	338.2	338.3	341.2
% change	3.3	1.8	1.1	0.8	-0.2	0.9
Unemployment Rate (%)	10.2	10.0	10.1	10.1	10.0	10.0
Participation Rate (%)	61.0	61.6	61.8	62.2	62.1	62.7
CPI Inflation	1.6	3.3	3.2	3.2	2.8	2.8
NOVA SCOTIA						
Mfg Shipments (\$M)	7,732.2	8,446.9	2,127.6	2,145.5	738.8	N/A
% change (1)	13.2	9.2	2.2	0.8	2.0	N/A
Retail Trade (\$M)	8,159.6	8,502.7	2,151.9	2,161.4	735.9	N/A
% change	5.8	4.2	1.9	0.4	2.0	N/A
Housing Starts (000's)	4.3	4.4	4.4	3.7	4.7	5.7
Labour Force (000's)	452.0	461.6	461.3	464.3	467.4	461.4
% change	1.4	2.1	0.4	0.7	0.7	-1.3
Employment (000's)	408.6	419.5	417.9	421.4	425.6	416.4
% change	2.4	2.7	-0.8	0.8	1.3	-2.2
Unemployment Rate (%)	9.6	9.1	9.4	9.2	8.9	9.8
Participation Rate (%)	61.0	61.7	61.6	61.9	62.3	61.5
CPI Inflation	1.7	3.5	3.1	3.5	3.6	2.9

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Key Provincial Data

	1999	2000	2000Q3	2000Q4	Dec. 2000	Jan. 2001
PRINCE EDWARD ISLAND						
Mfg Shipments (\$M)	981.0	963.8	239.3	250.8	82.9	N/A
% change (1)	11.2	-1.8	3.1	4.8	-6.1	N/A
Retail Trade (\$M)	1,156.6	1,240.1	314.2	311.7	105.9	N/A
% change	9.8	7.2	1.0	-0.8	2.2	N/A
Housing Starts (000's)	0.6	0.7	0.7	0.9	1.0	0.8
Labour Force (000's)	71.6	73.3	73.2	73.9	74.0	73.7
% change	2.1	2.4	-0.1	1.0	0.4	-0.4
Employment (000's)	61.3	64.5	64.3	64.3	65.3	65.1
% change	1.5	5.2	-1.1	-0.1	2.8	-0.3
Unemployment Rate (%)	14.4	12.0	12.1	13.0	11.8	11.7
Participation Rate (%)	66.4	66.9	66.6	67.2	67.2	66.9
CPI Inflation	1.2	4.1	4.7	4.2	3.7	4.6
NEWFOUNDLAND						
Mfg Shipments (\$M)	1,979.4	2,154.7	544.1	509.2	168.0	N/A
% change (1)	13.1	8.9	-9.4	-6.4	1.9	N/A
Retail Trade (\$M)	4,222.9	4,491.7	1,134.8	1,135.5	377.7	N/A
% change	7.2	6.4	1.1	0.1	-1.1	N/A
Housing Starts (000's)	1.4	1.5	1.6	1.5	1.5	1.1
Labour Force (000's)	246.7	245.6	242.5	248.1	248.6	246.8
% change	4.1	-0.4	-1.4	2.3	-0.2	-0.7
Employment (000's)	204.9	204.6	203.7	205.3	204.7	206.6
% change	5.5	-0.1	-1.3	0.8	-0.3	0.9
Unemployment Rate (%)	16.9	16.7	16.0	17.3	17.7	16.3
Participation Rate (%)	56.3	55.8	55.2	56.4	56.5	56.1
CPI Inflation	1.5	3.0	3.0	2.8	2.6	2.2
CANADA						
Mfg Shipments (\$M)	490,858.3	535,150.8	134,546.6	136,011.8	45,083.0	N/A
% change (1)	9.4	9.0	1.1	1.1	-0.8	N/A
Retail Trade (\$M)	260,690.7	276,931.9	70,272.4	70,454.8	23,662.2	N/A
% change	5.7	6.2	2.6	0.3	0.9	N/A
Housing Starts (000's)	150.0	151.7	156.6	154.2	145.0	174.1
Labour Force (000's)	15,721.2	15,999.2	16,014.3	16,136.5	16,170.4	16,180.6
% change	2.0	1.8	0.4	0.8	0.1	0.1
Employment (000's)	14,531.2	14,909.7	14,910.5	15,026.5	15,066.7	15,067.4
% change	2.8	2.6	0.2	0.8	0.2	0.0
Unemployment Rate (%)	7.6	6.8	6.9	6.9	6.8	6.9
Participation Rate (%)	65.6	65.9	65.8	66.1	66.2	66.1
CPI Inflation	1.7	2.7	2.7	3.1	3.2	3.0

(1) % change refers to period-to-period except for CPI inflation which is year-over-year.

Provincial Economic Accounts

	1993	1994	1995	1996	1997	1998	1999
Real GDP at Market Prices (\$1992M)							
BC	90,543	93,355	95,370	98,052	101,277	102,217	104,323
% change	4.0	3.1	2.2	2.8	3.3	0.9	2.1
Alberta	79,792	84,622	87,161	89,284	95,997	99,504	101,960
% change	6.7	6.1	3.0	2.4	7.5	3.7	2.5
Sask	22,654	23,603	23,934	24,391	25,661	26,267	26,547
% change	7.4	4.2	1.4	1.9	5.2	2.4	1.1
Manitoba	24,468	25,298	25,445	26,205	27,099	27,892	28,729
% change	0.2	3.4	0.6	3.0	3.4	2.9	3.0
Ontario	288,164	305,223	316,581	319,982	335,508	349,364	370,722
% change	1.1	5.9	3.7	1.1	4.9	4.1	6.1
Quebec	160,897	167,241	170,366	172,707	178,460	183,835	192,535
% change	1.6	3.9	1.9	1.4	3.3	3.0	4.7
New Brunswick	14,358	14,643	15,071	15,266	15,331	15,941	16,616
% change	2.3	2.0	2.9	1.3	0.4	4.0	4.2
Nova Scotia	18,193	18,256	18,578	18,641	19,242	19,828	20,865
% change	0.7	0.3	1.8	0.3	3.2	3.0	5.2
PEI	2,370	2,492	2,629	2,714	2,662	2,742	2,829
% change	1.7	5.1	5.5	3.2	-1.9	3.0	3.2
Nfld	9,668	10,126	10,348	9,914	10,028	10,625	11,259
% change	1.2	4.7	2.2	-4.2	1.1	6.0	6.0
Yukon	874	864	1,005	1,097	1,012	987	997
% change	-19.8	-1.1	16.3	9.2	-7.7	-2.5	1.0
NWT (2)	2,242	2,318	2,315	2,374	2,451	2,491	2,549
% change	3.2	3.4	-0.1	2.5	3.2	1.6	2.3
Canada	714,583	748,350	769,082	780,916	815,013	842,002	880,254
% change	2.3	4.7	2.8	1.5	4.4	3.3	4.5

Population ('000s)

BC	3,572	3,682	3,784	3,882	3,960	3,998	4,028
% change	2.9	3.1	2.8	2.6	2.0	1.0	0.8
Alberta	2,671	2,705	2,740	2,781	2,837	2,907	2,959
% change	1.4	1.3	1.3	1.5	2.0	2.5	1.8
Sask	1,007	1,010	1,014	1,019	1,022	1,025	1,026
% change	0.3	0.3	0.4	0.5	0.3	0.3	0.1
Manitoba	1,118	1,124	1,130	1,134	1,137	1,138	1,143
% change	0.4	0.5	0.5	0.4	0.3	0.1	0.4
Ontario	10,689	10,827	10,964	11,101	11,248	11,385	11,517
% change	1.1	1.3	1.3	1.2	1.3	1.2	1.2
Quebec	7,165	7,207	7,241	7,274	7,303	7,324	7,349
% change	0.7	0.6	0.5	0.5	0.4	0.3	0.3
New Brunswick	750	751	752	753	754	753	754
% change	0.3	0.1	0.1	0.1	0.1	-0.1	0.1
Nova Scotia	924	926	928	931	935	936	939
% change	0.5	0.2	0.2	0.3	0.4	0.1	0.3
PEI	132	134	135	136	137	137	138
% change	0.8	1.5	0.7	0.7	0.7	0.0	0.7
Nfld	580	575	568	561	554	545	541
% change	0.0	-0.9	-1.2	-1.2	-1.2	-1.6	-0.7
Yukon	31	30	31	32	32	32	31
% change	3.3	-3.2	3.3	3.2	0.0	0.0	-3.1
NWT (2)	64	65	67	68	68	68	68
% change	3.2	1.6	3.1	1.5	0.0	0.0	0.0
Canada	28,703	29,036	29,354	29,672	29,987	30,248	30,493
% change	1.1	1.2	1.1	1.1	1.1	0.9	0.8

